

# Legal Origins of Corporate Governance: Choice of Law in Egypt, 1887–1914

Cihan Artunç\*

This Draft: September 2022

## Abstract

This paper revisits the classic question of legal origins: whether laws originating from common or civil law traditions are more effective in promoting governance rules with stronger shareholder and investor protection. But corporate governance cannot be easily disentangled from other sources that can influence firm outcomes. This paper disentangles these effects by assembling a new dataset of corporations in Egypt between 1887 and 1914. Egypt had an unusual system of incorporation. The main legal system was a close French transplant but entrepreneurs—Europeans and Egyptians alike—had the option of incorporating their firms under any European law. This practice allowed extraordinary legal flexibility in choice of law, governance provisions, and board composition. The new findings show that companies incorporated under British law provided weaker shareholder protection than companies incorporated under French laws, especially in giving weaker voting rights to minority shareholders, preventing oversight over directors' borrowing powers, and limiting director rotation. These rules mattered for firm performance. Corporations with weaker investor protection had higher failure risk, were less profitable, and had lower firm value.

---

\*Middlebury College. E-mail: [cartunc@middlebury.edu](mailto:cartunc@middlebury.edu)

This paper is supported by the National Science Foundation under the grant NSF SES 1559273. I thank Dan Bogart, Amanda Gregg, Timothy Guinnane, Ron Harris, Eric Hilt, Naomi Lamoreaux, Steve Nafziger, Jean-Laurent Rosenthal, John Turner, the participants of the Caltech Early Modern Group, Oxford Economic and Social History Seminar, Columbia Economic History Seminar, the ECGI History of the Corporation workshop at Yale, and the Yale Economic History Workshop, for helpful suggestions. I am grateful to Qiyi Zhao for helping with sources at the Yale University Library, Manuscripts and Archives. I also thank Laura D. Taylor, Nathan Botero, Alexander Miller, and Nia Williams for providing excellent research assistance.

The corporate governance literature stresses that countries whose legal systems are derived from common law traditions provide stronger investor protection than countries with civil law traditions. According to this view, legal systems based on common law provided more robust protections to minority shareholders against insiders' potential self-dealing, and so facilitated wider ownership structures as well as larger and more active stock markets (La Porta et al., 1997, 1998). The remarkable contractual flexibility of British and American law encouraged incorporators to adopt shareholder-friendly rules in response to changing economic conditions in order to attract more investment; French and other continental European legal traditions locked companies into fixed governance structures that in time could become obsolete and not effectively serve shareholders' interests. The long-standing differences between legal families, this scholarship argues, can explain important differences in financial development and many other economic outcomes across countries today (Beck et al., 2003; La Porta et al., 2008a). The legal origins thesis has also generated critique about whether British law provided shareholder-friendly rules early in its history, whether legal origins predict substantive differences in more recent areas of law, and whether a country's legal regime can be separated from country-specific histories that simultaneously determined the adoption of these laws and economic outcomes (Cheffins, 2001; Berkowitz et al., 2003; Licht et al., 2005; Klerman et al., 2011; Musacchio and Turner, 2013; Bradford et al., 2021).

This paper investigates three questions in the law and finance debate: if common law and French civil law families were associated with different degrees of investor protection, if the adoption of governance rules evolved in response to changing economic and legal conditions, and if corporate governance affected firm performance. I answer these questions by assembling a novel dataset a novel dataset consisting of almost all corporations ever founded in Egypt before 1914. Egypt provides an unusual setting to disentangle factors that affect firm outcomes but are inevitably bundled with legal institutions. At the outset, Egypt was a civil law country; it applied an up-to-date transplant of the French

commercial code. But founders could incorporate under British law by choosing a British address as the company's domicile. Similarly for French, Belgian, and in theory, any European country with which Egypt had agreements called the capitulations. After the panic of 1907, which erupted following a speculative securities bubble, the courts overturned the option to incorporate under European laws. This extraordinary legal flexibility, which abruptly ended with the repeal of 1908, resulted in a diversity of legal choices, governance rules, and the composition of founders that one might not see in cross-country comparisons or case studies.

I take advantage of this variation by tracing incorporators' revealed preferences conditional on founder characteristics, firm size, and industry. First, corporations under either legal tradition converged around certain governance rules, including firms founded by the same founders but under different traditions. Firms under the common law tradition provided broadly weaker minority shareholder protections and assigned more power to directors, but French civil law companies gave longer terms to unelected directors and made access to company financials more difficult. So the two legal traditions entrenched directors in distinct dimensions. French civil law companies also responded more strongly to changing economic conditions; during the boom of 1905–07, new corporations under the French tradition shifted to voting rights that favored minority shareholders while also giving directors more discretion over borrowing. I further exploit the 1908 repeal as an exogenous turning point and use propensity score matching to construct a comparison group of Egyptian companies that were statistically similar to British companies. These corporations, which would have likely incorporated under British law had that remained an option, adopted rules that gave stronger voting rights to minority shareholders.

Second, governance rules affected several dimensions of firm performance. Corporations with weaker shareholder protections, regardless of their legal origin, the composition of their founders, their industry, capitalization, or whether they were public or private, suffered from significantly higher exit risk, were less likely to pay dividends, and

had lower ratios of market-to-book value. These effects are robust to using matched samples, suggesting that the estimated effects are not merely the products of negative selection into “bad” governance rules. My empirical exercises show that, even though shareholders might not have cared about the degree of protection the companies provided at the outset, these rules mattered for firm performance.

Egypt in this period offers distinct advantages in better understanding the links between legal traditions, governance structures, and firm outcomes. First, the availability of both common and civil law regimes allows me to explore incorporators’ choices and their companies’ performance within the same economy, facing the same aggregate shocks. So, my empirical exercise can exploit within-country variation that cross-country analyses cannot, but without the drawback of restricting the analysis to a single legal system, as is the case in other country-specific studies. Second, Egypt’s context is informative for better understanding the role of shareholder protection in economic development, especially for late industrializers, who had to grapple with encouraging the formation of large corporations and the consequences of mismanagement of these novel enterprises (Ağır and Artunç, 2021). In the late nineteenth century, Egypt was enjoying a relatively booming open economy that had attracted significant European investment (Tignor, 1984; Rajan and Zingales, 2003; Musacchio, 2010). It had one of the world’s oldest stock exchanges, a high level of stock market capitalization, a diverse local and European population, and a robust legal system that succeeded in meeting the demands of that population (Artunç, 2019).<sup>1</sup> With many high-return but speculative investment opportunities available, the protection of outsiders could be especially important for organizational success.

A rich literature has shown that legal traditions, especially in their earlier iterations, did not differ much in the extent of protections they provided to outside investors; neither

---

<sup>1</sup>Egypt’s stock market capitalization to GDP was 0.40 and 0.44 in 1900 and 1913, respectively, after removing public debt. This is above the French civil law average of 0.32–0.37, higher than other countries in the periphery (0.02–0.03 for India, 0.14–0.17 for Italy), and not much lower than the ratio for France, 0.52–0.54 (Musacchio, 2010, p. 58). Other recent estimates in the literature report similar numbers (La Porta et al., 2008b).

common or civil law regimes offered much protection at all. One branch of this literature compares statutory rules between countries at different period (Musacchio and Turner, 2013; Coyle et al., 2019). Others focus on individual countries—usually, Britain or the United States—to explore the provision of rules at the firm level and what kind of strategies firms followed to attract investment in the absence of such statutory protections (Hilt, 2008; Campbell and Turner, 2011; Rutterford, 2012; Musacchio and Turner, 2013; Guinnane et al., 2017; Acheson et al., 2019). These studies provide important insights about the development of corporate governance and ownership structures by tracing contracting practices in American and British history. But corporate governance in French legal traditions have remained relatively absent, notwithstanding the studies that investigate shareholder rights or firm’s choices of enterprise forms more broadly (Lamoreaux and Rosenthal, 2005, 2006; Guinnane et al., 2007). Even then, comparing histories of incorporation statutes might not be able to account for broader country-specific conditions bundled with legal institutions. I add to this literature by exploiting the unusual quasi-experimental feature in Egypt’s history to show how incorporators’ choice of law and governance rules evolved without the confounding effects country-specific histories embedded in cross-country comparisons. This new layer of flexibility allows me to develop a deeper understanding of incorporators’ actual choices over governance provisions and legal traditions, without having to rely on comparison of top-down statutes at the country level, or restricting the analysis to a single legal regime. The quasi-experimental design shows that even in the absence of prescriptive rules, legal regimes separated into different bundles of governance rules, these bundles entrenched directors in different ways, and that incorporators under the French systems responded just flexibly as those under the common law system—if not more so—to economic and legal shocks.

My findings also support the view that managing corporations in the interests of their shareholders raise organizational efficiency (Hansmann and Kraakman, 2001, 2012) but disagree with the notion that Anglo-American law is more effective in promoting share-

holders' interests than countries with civil law tradition (Morck, ed, 2005; La Porta et al., 1997, 1998). Corporations that gave stronger voting rights to minority shareholders, had less-entrenched directors, and provided shareholders more oversight over directors' borrowing discretion enjoyed higher firm value, were more profitable, and lived longer. French legal traditions were more effective in facilitating these rules than British law, but companies under French traditions distorted shareholder protections in other ways.

This article also contributes to the debates on the corporation's role in development and industrialization. The corporation conferred important advantages in long-term and large-scale financing thanks to concentrated management, legal personhood, limited liability, and entity shielding; these features of the corporate form convinced many that it was key to sustained economic growth (Chandler, 1977; Hansmann and Kraakman, 2000). Other studies extended this idea by linking the relative underdevelopment of regions outside of Western Europe to barriers to incorporation (Owen, 1991; Kuran, 2011). While economic historians have challenged the primacy of the corporation, the form was particularly important for raising capital in late industrializers (Guinnane et al., 2007; Nicholas, 2015; Gregg, 2020). The novelty of these forms, and the exercise of limited liability in large-scale enterprises, gave policymakers pause about how free incorporation should be. My findings show that the state paid special attention to governance issues. Egypt had a remarkably free and liberal economic environment just before World War I. After the financial crisis of 1907, the government required more corporations to adopt shareholder-friendly rules. I show that these rules helped firm survival, especially during the financial crisis. Wide adoption of shareholder-friendly rules can be significant for tampering such crises and solve monitoring problems especially in economies that rely on foreign investment and feature companies whose management and investors might be distant.

The paper proceeds as follows. Section 1 provides information about the evolution of legal pluralism and commercial law in Egypt as well as a conceptual framework that relates the historical context to hypotheses. Section 2 describes the paper's data and the

collection of governance rules. Section 3 provides the empirical exercises on choice of law, choice of governance provisions, and how legal regime and specific provisions affected firm survival, profitability, and firm value. Section 4 summarizes the findings with concluding remarks.

## 1 Historical Background

The availability of different legal regimes in Egypt was a product of the capitulations, concessionary agreements signed between European powers and the Ottoman Empire. Formally an Ottoman vassal at the time, these treaties extended to Egypt. The capitulations provided a number of privileges to Europeans, most notably extraterritorial rights that allowed European nationals living in Egypt to use consular jurisdiction—and their country’s law—for personal, civil, and commercial matters.

As Egypt transformed from a traditional, agricultural economy to an export economy focusing on cotton cultivation financed by European investment, foreign presence and businesses in the country soared. Total European population increased to about 150,000 by 1907 and made up 20 percent of the population Alexandria and 10 percent of Cairo where they were concentrated.<sup>2</sup> Consular jurisdictions developed extensively to support the needs of a growing number of European migrants and investors, who took up a substantial role in Egypt’s trade. However, the proliferation of diverse European jurisdictions within Egypt led to considerable judicial disarray by creating uncertainty about which law would apply in any transaction or dispute (Hoyle, 1991, pp. 6–8).<sup>3</sup>

In 1875, the Egyptian government undertook a comprehensive reform to modernize the country’s legal complex and provide a robust court system that could exercise competence over a wide range of civil and commercial matters between different European nationals.

---

<sup>2</sup>Egypt, *The Census of Egypt Taken in 1907*, Tignor (1984).

<sup>3</sup>See Artunç (2014) for a broader analysis of legal pluralism in the Middle East until the early twentieth century.

The new Mixed Courts, which consisted of European and Egyptian judges, succeeded in solving the abuses of legal pluralism, curbing the executive's power on the judicial system, and thus were widely seen as successful (Brown, 1993; Wilner, 1975).

In commercial matters, the Mixed Courts applied a close transplantation of the French commercial code with its most recent amendment of 1867. The only significant departure was the incorporation process. France, in 1867, passed general incorporation statutes and removed all barriers to the corporate form beyond certain capital requirements and number of founding shareholders. In contrast, Egypt retained the older, more restrictive system, by mandating all prospective companies to acquire an authorization decree from the sovereign (Artunç, 2019). Securing the government's approval was certainly difficult after World War I.<sup>4</sup> However, especially before 1908, the process was mostly a formality. Lord Cromer, Egypt's de-facto ruler until 1907, reported that the government approved all charters automatically, regardless of their business objective, riskiness, scale or scope, as long as the articles of association contained certain clauses—as specified in the decree of 1889—that gave shareholders some oversight. These regulations were meant to curb potential fraud by promoters and were taken from the more recent revisions of the French and German commercial codes (Hoyle, 1991, pp. 85–86).<sup>5</sup> In fact, commercial laws and policies, both under British control after 1882, were non-interventionist and considerably unrestrictive (Owen, 1993, pp. 224–25).

Initially, the Mixed Courts, consistent with the capitulations, gave recognition to the “foreign” status of European companies, allowing them to operate in Egypt as “foreign” persons and without going through the authorization process. This deference essentially

---

<sup>4</sup>Issa (1970) describes the process after the 1920s as a long and costly process with no guarantee of success (p. 69). During this period, the government also introduced a host of other requirements that made the authorization process highly political; see Artunç (2019).

<sup>5</sup>Specifically, a quorum of three-fourths of share capital was required to deliberate changes to the articles of association, new shares could not be issued at a discount, unpaid bearer shares could not be transferred, the nominal value of issued debentures could not exceed the paid-up capital in the most recent balance sheet. See House of Commons Parliamentary Papers, *Reports by Her Majesty's agent and consul-general on the finances, administration, and condition of Egypt and the Soudan in 1899* (London: Harrison and Sons, 1900), p. 32. Similar articles existed in French law. For instance, the Law of 1867 required one-half of the share capital to be represented in order to deliberate modifications to the charter (Art. 31).



granted all entrepreneurs choice of law for setting up corporations. A group of entrepreneurs in, say, Alexandria, could write their articles of association according to the company law applied by the Mixed Courts and submit them to the Egyptian government for authorization. They could also set up a head office in London, incorporate under the Companies Act, and thus become a “British” company, whose administrative center was located in Alexandria. Most of these “British” companies held their general shareholder and board meetings in Egypt, and in fact, only retained a single employee in London for the purpose of maintaining the legal head office and filing the annual paperwork. Companies could similarly be incorporated under other European legal systems, though British was the most common alternative. Since the different consular jurisdictions had always served as the primary court system for Egypt’s European population, there was significant institutional support for applying different European laws on corporations.

By the end of the nineteenth century, Egypt had attracted substantial foreign capital, which was invested in new joint-stock companies. French capital in Egypt just before World War I reached £47 million, mostly in large corporations such as *Crédit Foncier* and *Egyptian Sugar Company*. British capital followed with £31 million and was invested in a wide range of credit, development, commercial, and manufacturing firms. Belgian capital was £14 million, mostly in land, transportation, and manufacturing. The rate of return was high. In 1906, the average dividend payment was 9.5 percent, with many companies paying over 12 percent (Tignor, 1966, p. 358).<sup>6</sup>

The highly speculative environment and investors’ optimistic outlook, already growing since 1900, fostered a financial bubble after 1904. The focus of the boom was Egyptian issues rather than foreign securities. Firms were able to get credit easily and many companies were formed in 1905 and 1906. Lord Rathmore, a director of the Bank of Egypt, noted the market’s exuberance:

---

<sup>6</sup>These figures only describe investments in company capital and exclude funds invested in Egyptian public debt.

“The gambling spirit had been in land and in shares; people were apparently mad; I do not know what other word to use; they seemed to think that every company that came out was worth double its value before it even started business.”<sup>7</sup>

The speculation spree crashed in the wake of the financial crisis of 1907. Already in January, European credit markets were too strained to meet the demands of investments in Egypt. In March, the American stock market started to deteriorate, prompting banks in London and Paris to limit advances in Alexandria and Cairo . In May, bank runs started; Cassa di Sconto e di Risparmio, one of the largest commercial banks in Egypt, went into liquidation. An energetic sell off ensued. The total loss on the market value of all shares between 1907 and 1909 exceeded £13 million. Twenty-four percent of all joint-stock companies active in the beginning of 1907 dissolved by the end of the year. Just as many companies were liquidated over the following two years, with paid-up capital worth more than £8 million being liquidated (Owen, 1969, pp. 283–85; Hoyle, 1991).

In the aftermath of the panic, the local creditors—themselves foreigners or minority groups enjoying British or European legal status—of these defunct companies took legal action against the directors. Following the cases concerning the British corporations Bourse and Banking Company, City and Agricultural Lands, De Vries & Boutigny, and Helouan Development Company, the Mixed Court of Appeals in Alexandria—made up of mostly British and European judges—unexpectedly declared that these firms were, in fact, “Egyptian” persons on account of primarily operating in Egypt and being managed in Egypt. These decisions effectively ended the option to incorporate outside of Egypt. From April 1908 onwards, all corporations that primarily operated in Egypt had to go through the authorization process. At the same time, the government started to tighten authorization, which resulted in longer processing times, and banned the practice of issuing founders’ shares (Sanderson, 1909, p. 10).

---

<sup>7</sup>Originally cited in Noyes (1909, p. 203).

For this paper’s empirical strategy, several points from the historical context are important. First, choice of law before 1908 was not a loophole or conducted furtively; it was a legal arrangement that had institutional support through a robust system of consular courts and was justified to attract more European investment (Grandguillot, 1909). Second, while consular courts were staffed with judges of that country’s nationals, the Mixed Courts—Egypt’s main court system—had to have British, French, and other European judges on the bench. These judges were primarily trained in their respective countries’ laws. Since most companies had shareholders from diverse nationalities in Egypt, shareholders of British corporations could take disputes with other shareholders to the Mixed Courts (Brinton, 1968, pp. 106–07).<sup>8</sup> So, to the extent that the judiciary mattered to differences in outcomes by legal tradition—e.g., Coffee (1989) stresses the central role courts play in interpreting corporate law statutes—British companies had access to the same courts as Egyptian companies did. Third, in principle, many European countries’ laws were available for incorporation, but the vast majority of companies incorporated under British law, followed by a much smaller number of incorporations under Belgian and French laws. This was likely due to the fact that Egyptian law was almost identical to the French code with the exception of the general incorporation statutes of 1867, and even with the authorization process, incorporating in Egypt was easier than incorporating in France due to the French regulations against companies mostly operating abroad (Sanderson, 1909). The German consular mission was too small to support incorporation and German law itself was restrictive with significant barriers to the corporate form (Guinane, 2021).<sup>9</sup> Egypt’s relatively larger Greek population had become naturalized Greek subjects by the end of the nineteenth century and could use Greek law. But incorporating

---

<sup>8</sup>In reality, the British consular court was the court of first instance in these cases and disputes were likely resolved within the consular court system. I am not aware of conflicts of law between British courts and the Mixed Courts pertaining to corporations before 1908. But such conflicts did come up after the stream of firm failures during the panic of 1907 and culminated in the Mixed Courts’ decision to repeal the choice to incorporate under non-Egyptian laws.

<sup>9</sup>According to the Population Census of 1907, there were about 1,600 German residents in Egypt. In contrast, there were more than 10,000 French (excluding Algerians or Tunisians), 15,000 British, 32,000 Italians, and 50,000 Greeks.

under Greek law was much more difficult due to the Greeks' own authorization system, and Greek commercial law had a number of problems that prevented it from being an attractive option (Ağır and Artunç, 2021). As a result, this paper focuses on the choice between French legal traditions (primarily, Egyptian and Belgian) and British law. Fourth, the authorization system, while not completely costless, was not arbitrary. Finally, the repeal of 1908 was effectively enforced. While there was a small number of incorporations under British law after 1908, these did not primarily operate in Egypt. Some companies that were incorporated during the 1907 panic, but never started their operations, were forced to reincorporate under Egyptian law. Firms that existed as British or Belgian companies before the panic continued as before with no reorganization or change in status.

## 1.1 From Governance Rules to Firm Outcomes

This paper focuses on two sets of questions: the degree of investor or minority shareholder protection that incorporators provided as the economic and legal environment evolved, and if these rules affected firm performance. Shareholders' most important tool, especially in this period, was their voting power. Graduated voting scale, which diluted the votes that majority shareholders could cast, favored minority shareholders. But founders could constrain shareholders' voice through other ways: by delaying or staggering board elections (thereby, preventing shareholders from ever electing a full board), or allowing a fixed number of members to form a quorum in general meetings. Founders could give themselves more discretion without having to consult the general assembly, and make effective monitoring more difficult by limiting the information that shareholders can access. Companies could adopt a number of these provisions to entrench directors and curtail oversight.

Standard economic models show that entrenchment and lack of monitoring can misalign the incentives of directors and shareholders, leading to shirking, excessive risk-taking, self-dealing, or rent extraction Tirole (2001). These agency problems can adversely affect

firm value and profitability (Bebchuk and Cohen, 2005; Bebchuk et al., 2009). But shifting power to directors could allow entrepreneurs to take advantage of their expertise more effectively and engage in promising—if risky—projects (Guinnane et al., 2017). Governance rules might not matter for firm performance at all, outweighed by other incentive structures such as stock ownership of directors (Bhagat and Bolton, 2008). High rates of return and disciplined dividend policies can potentially substitute for good governance rules, as they did in Victorian Britain (Campbell and Turner, 2011). Since theory can support either implication, it becomes an empirical question. But, evaluating the effect of stronger shareholder rights on firm outcomes is difficult; low-value corporations might be more likely to adopt rules that shifted power towards insiders and entrench themselves (Roberts and Whited, 2013). Changes in Egypt’s legal environment, which affected the incidence with which these types of rules were adopted, provide a compelling setting where these effects can be better disentangled.

The lack of consistent financial reporting prevent the use of conventional measures of firm performance. I turn to three alternative measures: firm exit risk, whether firms make dividend payments, and book-to-market-value of equity. While the amounts paid on shares is a complex decision that does not necessarily reflect a company’s financial success, paying any amount of dividend required positive net profits. So, an indicator for paying dividends captures an aspect of profitability. The ratio between share prices and par value (that is, paid-in value) approximates the ratio of market value to book value of equity (Hilt, 2008). These data are available for public and post-1908 private firms. To capture the effects of governance structures on the entire corporate population, I take advantage of firm exit. Firm exit is viewed as a critical dimension of performance in the firm dynamics literature but how governance structures are related with to survival is understudied even if the potential link is stressed conceptually (Hansmann and Kraakman, 2001, 2012).<sup>10</sup> Canonical models in firm dynamics frame firm entry and continuation decisions

---

<sup>10</sup>Gregg and Nafziger (2020)’s examination of corporate lifecycles in Imperial Russia is an important exception.

in the context of cost or productivity shocks. As firms learn more about their quality or demand conditions, they will exit if their assessment of expected discounted profits turn negative (Jovanovic, 1982; Hopenhayn, 1992; Clementi and Palazzo, 2016). As a result, exiting firms tend to be less productive and less profitable than survivors, which explains the well-established positive relationship between firm age, firm value, and productivity (Bellone et al., 2008). This relationship also shows up in this dataset. To the extent that entrenchment depress firm profitability and value, either through mismanagement or rent extraction, such corporations will exit early. However, not all corporate exits are failures. Mergers and acquisitions can be interpreted as successes, which create wealth for the acquired company's shareholders. My empirical exercises account for these cases explicitly by tracing down the reason of exit for each company and removing acquisitions from the survival analysis as well as accounting for sector-specific capital constraints that might drive exit. Together, these three measures capture aspects of firm performance of all corporations in Egypt.

## 2 Data

This paper relies on assembling new datasets of firm histories and governance rules of corporations using archival sources and official publications. I start by constructing the universe of corporations founded in Egypt before World War I. Since companies that incorporated under Egyptian law had to be authorized by a decree, they are listed in annual lists of laws and executive orders. Furthermore, the Egyptian Ministry of Finance published a list of every corporation in Egypt ever founded, whether under Egyptian, British, Belgian, or French law, until the end of 1907 in the statistical directory, *Annuaire de la finance égyptienne 1907* (from now on, *Annuaire*).

All Egyptian corporations had to receive an authorization decree. The charters were published, along with their authorization decrees, as supplemental issues in the official

newspaper of the government, *Journal officiel du gouvernement égyptienne* (from now on, *Journal officiel*). Companies that incorporated under different European laws did not need to go through this process and so their charters did not appear in this newspaper. For those, I turn to other sources. Like Egyptian law, Belgian law required company statutes to be published as annexes to the official gazette, *Moniteur Belge*. Using the list of Belgian companies in *Annuaire*, I collected Belgian charters from the relevant issues of these supplements.<sup>11</sup> Similarly, under the Companies Act, British companies were required to submit articles of association during registration and so their charters became public record. After identifying all British companies from the list in *Annuaire*, I collected the charter information from the U.K. National Archives.<sup>12</sup> Not every charter was available. The National Archives did not receive some companies' records, so these firms are missing from the sample.<sup>13</sup> *Journal officiel* did not distribute supplemental issues in 1900 and 1903 or before 1898.<sup>14</sup> I collected most of these missing corporate charters from another government publication, *Bulletin des lois et décrets* (1881–1902), which collected all decrees promulgated in each year. Regardless, most charters of corporations established before 1887 remain missing because *Bulletin* only published those firms' authorization decrees but not their charters. So, the dataset only includes firms founded after 1887. A few Belgian charters are also missing due to the scattered and incomplete collection of annexes to *Moniteur Belge*.

Figure 1 shows the number of new corporations by legal traditions before 1914, comparing the population of corporations with the charter sample used in this paper. In the

---

<sup>11</sup>These supplemental issues were compiled into quarterly volumes under the title *Annexe au Moniteur Belge, recueil des actes et documents relatifs aux sociétés commerciales* [Annex to the official Belgian gazette, collection of acts and records relating to companies].

<sup>12</sup>BT 31, Board of Trade: Companies Registration Office: Files of Dissolved Companies. Searching the archive catalogue with Egypt-related keywords (e.g. Egypt, Egyptian, Alexandria, Cairo, Port Said, Nile, etc.) revealed many other companies that did not appear in the *Annuaire's* list. But these companies were exclusively "stillborn," which did not proceed beyond the registration stage. So, they are not included in the sample.

<sup>13</sup>See Guinnane et al. (2017, pp. 273–75) for the somewhat complicated procedure that the National Archives followed for receiving and retaining company records.

<sup>14</sup>These supplemental issues were not available in the Egyptian National Library and Archives, even in Arabic, the British Library, the Bibliothèque nationale de France, or the Library of Congress.

end, the sample makes up 77 percent of all corporations under British law, and 89 percent of corporations under French legal traditions, most of them privately held. It is possible that, due to the peculiar way the National Archives received company records, the selected British companies had shorter duration than the British corporations with no charter data. Short duration might be correlated with weaker investor protection as my empirical analysis will show. However, the association between incorporating under British law and higher exit rate is robust to using the *Annuaire* sample, which reports the population of corporations active in the beginning of 1907.<sup>15</sup>

Using the charter information, I hand-coded each company's articles of association pertaining to general meetings, directors' powers and tenure, as well as disclosure procedures of the company's financials. I also collected information about each company's industry, capital structure, and name and nationality of their founders and first boards of directors. In earlier charters, founder nationality was not reported. So, I imputed nationality based on founders' names, categorizing each founder as British, European (Francophone or German names), or local (Arabic, Armenian, Coptic, Greek, Levantine, Sephardic, and Turkish names). I used business directories—*Indicateur égyptien administratif et commercial* and the *Egyptian Directory*—to identify the residence of each founder.

The empirical exercises on survival rely on establishing accurate firm histories. For British and Belgian charters, registration describes entry. For Egyptian charters, this is the authorization date. The Egyptian Ministry of Finance used the same convention, as evident from the statistical directories such as *Annuaire*. I collected exit dates from a variety of sources. In theory, corporations had to give notice of their dissolution; almost all defunct corporations under Egyptian law did. These notices, along with the date in which the general meeting voted to approve liquidation, were published in either *Journal officiel* or in the official newspapers of the Mixed Courts, *Gazette des tribunaux mixtes un-*

---

<sup>15</sup>50 percent of British companies in the charter sample failed during the 1907 crisis but 45 percent of British companies that were only in the *Annuaire* sample; the number of observations is 86 and 33, respectively. The t-statistic for the null hypothesis that sample means are not equal is -0.44.



til 1921 and *Journal des tribunaux mixtes* afterwards. When available, I used the same date for British companies. The statistical yearbooks published by the Egyptian Ministry of Finance, *Statistique des sociétés anonymes par actions travaillant principalement en Égypte* (from now on, *Statistique*), also provide a survey of all incumbent corporations in Egypt, regardless of legal regime, between 1925 and 1939. They also provide dissolution dates for companies, which allowed me to fill in the gaps. Finally, I was able to use the same source, as well as the *Egyptian Directory*, to verify that each corporation without a dissolution notice or general meeting decision to that effect survived until 1950. So, this procedure yields an entry date for every corporation, and an exit date for any corporation that was liquidated (not just reorganized or declared bankruptcy). All companies without an exit date were verifiably active in 1950. Not all market exits were failures; some corporations could have entered into voluntary liquidation to reconstitute as a different company, or forced into liquidation by the courts as part of the 1908 repeal. Successful corporations might be acquired by some other firm, which would create wealth for shareholders. I control for these cases by tracing the reasons of liquidation from the charters and the announcements in *Journal Officiel*. I remove all firms that reincorporated as a new company, were acquired, or forced into liquidation by the courts (as part of the 1908 repeal), from the survival analysis. The remaining dissolutions are exits due to failure or being outcompeted.

Finally, I use *Annuaire* and *Statistique* to construct selected financial information. *Annuaire* provides annual maximum and minimum share prices (quoted in the Alexandria and Cairo exchanges) and dividend payments for all public corporations between 1901 and 1906. All public companies in the dataset (except one French corporation) were listed in the Alexandria and Cairo exchanges. Furthermore, the 1911 volume of *Statistique* lists dividend payouts for all corporations alive in 1911 (listed or not) between 1906 and 1911, and the evolution of each of these corporations' paid-in capital since entry. The 1925 volume of *Statistique* also lists a history of stock prices (maximum and minimum quotations) after 1907. I use this information to construct the variables on firm value and profitability:

whether firms paid dividends in a given year as well as the upper and lower bounds on the market-to-book value of firm equity.

Whether the British companies in this sample are comparable to British companies in Britain is a natural question. Qualitatively, they were not. Many of these companies kept minimal presence in Britain—just enough to incorporate under the Companies Act and fulfill the annual filing requirements—but were otherwise Egyptian companies. Their operations were in Egypt, their administrative head office was (usually) in Egypt, and many of their directors (but not all) lived in Egypt. Many shareholders of even public companies lived in Egypt, with the notable exception of the mortgage companies established in the 1890s.<sup>16</sup> So, one should evaluate them as Egyptian companies that chose to incorporate under British law. Quantitatively, we can compare them with the company samples in [Guinnane et al. \(2017\)](#) and [Acheson et al. \(2019\)](#). The British companies in this paper's sample had an average nominal capital of £157,000; the median was £100,000. This is notably larger than the average of the 1892 registration sample (£40,000) in [Guinnane et al. \(2017, p. 236\)](#) but comparable to the median—£115,000—of the sample companies founded between 1862 and 1899, in [Acheson et al. \(2019, p. 45\)](#). Arguably, Egypt was at an earlier stage in its corporate development between 1882 and 1908, resulting in corporations that looked more like the British companies established in earlier periods. Many Egyptian corporations were land or mortgage companies, which also tended to be bigger and more heavily capitalized. Information about shareholders beyond founders is not available for civil-law companies.

---

<sup>16</sup>According to [Crouchley \(1936\)](#), about half of public company shares in 1907 were held abroad, almost entirely driven by mortgage companies (only 10 percent held in Egypt), and to a lesser extent, banks (50 percent held in Egypt). In the remaining sectors, notably land, transport, manufacturing, and trade, 61 percent of publicly traded shares were held in Egypt.

## 2.1 Description of Governance Rules

This paper's empirical analysis relies on a large number of governance rules coded from articles of association on three sets of issues: shareholders' voice, directors' powers, and disclosure of company financials. Having incorporated under different company laws, British and Egyptian charters could contain many articles that did not easily compare with one another, but Belgian and Egyptian charters did. In this paper, I concentrate on rules that both classes of charters reported consistently and rules that the literature views as significant (Guinnane et al., 2017; Acheson et al., 2019).

**Capital structure** Firm size can be an important factor in determining what kind of rules incorporators adopt and the subsequent performance of the enterprise. Large corporations (or those that planned to get large) might set up rules that protected minority shareholders in order to attract investment, but small corporations with concentrated ownership might not. Large firms—whether a partnership or a corporation—might also deal with adverse economic shocks more easily and enjoy longer duration (Artunç and Guinnane, 2019). I capture size through nominal capital. While paid-in capital would have been ideal, this information is not systematically available for British charters. But the company was still liable up to the full value of nominal capital even if it was partially paid, discouraging incorporators from specifying an unrealistic magnitude (Guinnane et al., 2017). By statute, Egyptian and Belgian companies were required to have paid in at least a quarter of their nominal capital; British companies probably had less. But data on paid-in capital is available for public corporations before 1907 and for all companies between 1908 and 1911, allowing me to control for it in analyzing dividend payouts and firm value.

Two other variables capture important aspects of capital and governance: the incidence of preference and founders' shares. Preference shares had guaranteed cumulative dividend payments and holders of preference shares enjoyed seniority of payment in

bankruptcy. But this class did not have guaranteed voting rights; some companies opted to assign no voting power to these shares. So, the existence of preference shares might allow incorporators to give less voice to outside investors even if the voting rules for the owners of common stock granted strong protections.

While preference shares were rare, founders' shares were relatively common before the financial crisis of 1907. Founders' shares could only be issued to the incorporators at the company's inception. These shares could have weaker or no voting rights. Most importantly, they had zero nominal value but directors could promise greater payouts to founders' shares, with unlimited upside. So, promoters could entice investors with a shot at abnormally high returns, without the drawback of making payments to these shares if the corporation had to be liquidated. Contemporary sources suggested that the proliferation of founders' shares was critical in propagating the securities bubble. As a result, the government prohibited new companies from issuing founders' shares after the financial crisis (Noyes, 1909; Hoyle, 1991).

**Voting rights** Voting rule was a critical aspect of shareholder voice and protection in this period. Assigning one vote per share could shift power to large shareholders; graduated scales limited the number of votes large shareholders could cast. Companies could also set fixed ceilings on the number of votes any one could have regardless of the number of shares they held. Any one graduated scale voting rule could also lead to variations in voting rights if companies had different number of shares. The most common graduated scale provision in the sample allocated one vote for five shares up to 100 shares, one vote per 20 shares in excess of 100 shares up to 1,000 shares, and one vote per additional 100 shares above 1,000. This standard rule was less effective in shifting power away from majority shareholders in a company with 2,000 shares in total than one with 10,000. Other firms adopted linear voting schemes, but put caps on the total number of votes any member could cast. This was more common in Belgian companies. In order to capture the nuance

in voting rights, I calculate Hilt's voting rights index for each company in addition to distinguishing linear scale with no voting cap and graduated scales (Hilt, 2008). Formally, this index  $V$  is defined as

$$V = \frac{1}{N} \sum_{n=1}^N \frac{v(n)}{n} \quad (1)$$

where  $n$  is the number of shares held,  $N$  is the total number of shares, and  $v(\cdot)$  is the voting scheme that maps number of shares held by an individual to the number of votes they can cast. Large shareholders' voting power is diluted as the index score gets closer to 0. Under one-share-one-vote,  $V = 1$  and large shareholders' voting power is not limited. In the few instances where a company had two classes of shares with different voting powers, I calculated the index for each class and weighted them by their contribution to total nominal capital. While the voting rights index has many attractive features, it can potentially overestimate the degree of protection for minority shareholders in Egyptian companies, where the most common fixed voting scale was five-shares-one-vote.<sup>17</sup> So, as a complementary measure of voting rights, I construct a dummy variable that equals 1 if the company followed a fixed voting scale (e.g., one-share-one-vote or five-shares-one-vote) with no cap on the maximum number of votes an individual shareholder could cast.

The voting rights, no matter how much protection they provide to minority shareholders on paper, could be rendered ineffective if companies adopted rules that allowed a fixed number of members to make up a quorum in the general meeting. In conjunction with other barriers to participate, such as not mailing notices of general meetings to shareholders or disallowing proxy voting, fixed quotas for quorums could diminish minority shareholders' power significantly. Incorporators could also make it harder for minority shareholders to call extraordinary general meetings by requiring greater shares of capital to do it.

---

<sup>17</sup>This rule could also disenfranchise shareholders with less than five shares but these shareholders were allowed to form voting blocs.

**Directors** Incorporators could also limit minority shareholders' participation in governance by restricting their ability to monitor directors. To capture these aspects, I collected information about the minimum share qualification to become a director as a proportion of total number of shares. The first board of directors was appointed at the time articles were registered and named in the charter. These directors, almost always a subset of incorporators, were not—and could not—be elected. Incorporators could indirectly entrench these directors by giving them a longer tenure, say, by delaying the first election for more than two years, or by rotating only a fraction of the board in the first election. They could also hold the regular board elections over two (or more) years rather than holding them annually. So, I coded the time until first election after registration as well as dummies to indicate whether the entire first board was rotated and whether the regular board elections were more than one year apart.

I coded two other variables regarding directors. The first is a dummy variable that indicates if there was no restriction on directors' borrowing discretion. Without any restriction, directors could borrow on behalf of the company, or issue bonds, without the approval of the general meeting. When introduced, a common restriction was discretionary borrowing up to the value of issued capital (not necessarily paid), after which the approval of the general meeting was needed. Second, I collected information about directors' remuneration and constructed a variable that indicated if directors were guaranteed some minimum, fixed pay regardless of the company's performance. If directors' compensation did not scale with the firm's profits, directors might not have the right incentives to act in the interests of shareholders, whose dividend earnings or capital gains did.

**Disclosure of financials** Shareholders needed to have access to up-to-date financial information about the company to effectively monitor directors. But companies could control the flow of this information in many ways. They could send less than a full balance

sheet, send the financials too close to the general meeting, or not send them at all. I represent these dimensions with three variables that indicate whether anything less than a full balance sheet was made available, whether the financials were not mailed or published in a newspaper (so had to be picked up at the head office), and the number of days before the general meeting they were made available.

## 3 Empirical Analysis

### 3.1 Choice of Law and Governance Rules

To evaluate incorporators' choices of legal regimes and governance structures, I start by describing selection into different laws and estimate the correlates of sorting in a set of baseline regressions. As described earlier, before 1908, incorporators were free to register their companies under Belgian, British, or Egyptian laws. Figure 1 shows the evolution of new corporations between 1887 and 1914. The number of incorporations ramped up significantly until 1907, especially during the boom of 1905–06, with a more or less even split between British law and French-origin laws. After the panic, incorporations plummeted; following the court decision in 1908, incorporations under British law stopped.

Contemporary accounts highlight several aspects of incorporating as a British entity that founders might have found advantageous. It was probably less costly and more convenient to incorporate under British law if most of the founders were British or lived in Britain. Setting up the company under British law could have made it easier to raise capital from British investors, who felt more secure in dealing with a British legal entity in British courts. Some investors were drawn to British law to issue founders' shares more easily ([Grandguillot, 1909](#)). Companies in certain industries might have also benefited from operating as a British entity.

Given that incorporation required authorization from the government, some sorting into British law could be driven by an incentive to avoid legal obstacles. Empirically, the

cost of incorporation can be measured by the delay between filing the articles of association and receiving the authorization decree. Both dates were reported in the published charter. Most companies were approved within 30–40 days, with a few exceptions (Figure A.1 in the Appendix). This is consistent with the qualitative evidence noted earlier. When the government tightened its control over the incorporation process after 1908, the delays became longer and more uncertain. After 1914, the median delay increased to 200 days, with considerable heterogeneity across cases each year, and would remain at that level until the 1940s (Artunç and Saleh, 2021). Regardless, the marginal incorporator could shift to British law in response to small changes in these costs.

Table 1 reports summary descriptions of corporate characteristics by legal regime over different periods. The boom led to a significant expansion at the extensive margin, with many more firms being founded with faster authorization. The even-split between Egyptian and British entrants remained. Founder composition was, overall, significantly different across legal regimes. More than 50 percent of Egyptian companies' founders were Egyptian residents, regardless of nationality (also see histograms in Figure A.4 in the Appendix). The contrast suggests that if all founders were British and lived in Britain, incorporating under British law was likely less costly. But incorporators became more mixed, with more local participation in British companies and more British founders in Egyptian companies over time. Likely as a result of the speculative boom, a larger proportion—almost half—of the 1905–07 cohort was public, but capitalization remained similar. There was a significant take-up in land companies, which is consistent with the notion that there was significant investment interest in land. Most industry categories had close proportions of companies in British or French law traditions. The important exceptions were mining and utilities. This was likely due to the unique circumstances in these sec-



tors.<sup>18</sup> After the panic, new corporations were significantly smaller and most of them were private, both likely consequences of scarcer credit.

### 3.2 Matched Samples

British corporations were clearly distinct from Egyptian corporations in important dimensions, raising the question of selection into different laws based on founder or firm characteristics. I address this concern by using propensity score matching to construct a subset of Egyptian corporations whose distribution of these key observables is similar to British corporations. These controls are selected after running a logistic regression of the treatment—whether company  $i$  incorporated under British law—on the set of observables picked by a variable selection model. This model is based on Akaike’s information criterion to select control variables that are most predictive of legal choice (Lindsey and Sheather, 2010). The algorithm is a forward selection procedure that starts from an initial linear model with an intercept term, then, at every iteration, adds the predictor that gives the most optimal information criterion if included in the model. If no predictor further improves the information criterion when added relative to the previous step, the algorithm terminates. The predictors in consideration include nominal capital, the proportion of local, British, or European founders, the proportion of founders residing in Egypt, Britain, or continental Europe, whether the firm’s securities were denominated in pounds sterling, Egyptian pounds, or francs (to approximate the nationality of shareholders that founders were targeting), whether the firm was public or private; whether one-third of founders belonged to the same family (to measure family firms in the absence of shareholder information), and dummy variables indicating industry categories. The variable

---

<sup>18</sup>Both required special concessions from the government to operate. Mining concessions also mandated at least one-third of share capital to be paid in, which is more difficult than the requirement of French firms more generally (one-fourth of share capital). The mining boom was especially confined to London. The archaeological discoveries of ancient Egyptian gold mines in 1899 fueled investment excitement in London, leading to the creation of small prospecting companies with the support of British mining magnates (Alford, 1906, pp. 82–83; Stokes, 1908, pp. 368–70).

selection procedure picked the proportion of British founders, the proportion of founders living in Britain, the natural logarithm of nominal capital, and the pound-sterling dummy (see Table 2 for a comparison of all observables included in the selection model and Column 5 for the results of the final regression). The algorithm did not need to pick any of the industry categories due their correlation with founder characteristics.<sup>19</sup> Each British company is matched to its five nearest neighbor, with replacement, based on propensity scores. Firms off the common support are discarded, removing many firms at the extreme (such as British corporations with only British founders).

I construct two main matched samples. First, I use propensity scores to match British companies (all founded before 1908) to Egyptian firms founded after the repeal of 1908. This matched sample has a compelling interpretation as the set of Egyptian firms, who would have likely incorporated under British law if that choice had still been available. This is also the paper's preferred matched sample. Column 2 in Table 2 show that this matched sample is well balanced at the cost of dropping a large number of firms. The new control group is made up of corporations with similar founder characteristics, size, and industries, all issuing securities in pounds sterling, essentially, the statistical counterpart of British corporations in observables. So, the matched sample compares firms with similar British presence and influence. However, being founded after 1908, when European investment in Egypt had slowed down considerably, these corporations might have adopted systematically different rules and might have had different latent productivity. To better compare firms in the same cohort, I match British corporations to the nearest Egyptian corporation that were established before the repeal. This has the advantage of removing unobservable cohort-specific confounders but one must still contend with the fact that these firms chose not to incorporate as a British company. This matched sample is slightly less balanced, compared to the other matched sample, but is a significant improvement over the full sample.

---

<sup>19</sup>The lasso method using cross-validation selects the same covariates as well as manufacturing and utilities after fitting linear, probit, or logit models.

As a robustness check, I also match British corporations to the five nearest Egyptian corporations by propensity score across the entire period, but restricting matches to a subset of firms with repeat founders (that is, founders who have appeared in at least one British company and one Egyptian company).<sup>20</sup> This sample allows me compare corporations controlling for specific founders as a further robustness check. Balance tests for this sample are available in the Appendix (Table A.1).

Propensity score matching, in conjunction with the common support requirement, removes a large of observations. As an alternative, I use Hainmueller's (2012)'s entropy balancing to create a new comparable control group. This procedure assigns different weights to each observation to satisfy the moment conditions for specified variables between the treatment and control groups. In my empirical exercises, I require full balance on the first moments of variables picked by the model selection algorithm. While not as demanding as the common support assumption, the algorithm still required removing firms with only British founders (otherwise samples could not be balanced). The sterling pound dummy was also excluded as a requirement to balance the British and post-1908 Egyptian firms. As Table A.1 in the Appendix shows, entropy balancing achieves strong balance between the treatment and control groups in the pre-1908 sample, but less balanced in industry categories for the sample that compares British and post-1908 Egyptian firms.

### 3.3 Evolution of Governance Rules

To evaluate if incorporators' legal choices were associated with a particular set of governance structures, I analyze how certain provisions with stronger shareholder protection varied between companies that incorporated under the common and civil law traditions over time. I start by comparing governance provisions across legal families in different cohorts: 1904 or earlier, the boom of 1905–07 (up to the start of the panic in April 1907),

---

<sup>20</sup>Imposing exact matching on founders did not produce enough observations on the common support.

and post-repeal (1908 or later). Table 3 reports descriptive statistics. Several observations stand out. First, corporations under different legal regimes converged around distinct bundles of rules. More than 90 percent of British companies adopted one-share-one-vote with no ceiling, fixed quotas for quorum, gave directors unrestricted borrowing powers, and staggered the rotation of the first board. These companies also adopted stricter share ownership requirements to become directors. But civil-law companies made it harder for minority shareholders to call extraordinary general meetings, adopted much longer terms for the unelected first board (even if the entire first board was re-elected at the end of this term). At the outset, it is not clear if one group of companies had stronger minority shareholder protection than the other.

Second, the bundle of rules that companies adopted evolved over time. British company by-laws did not significantly change after 1904, but Egyptian companies coalesced around different rules before the boom, during the boom, and after the repeal. But these shifts did not uniformly favor outside investors and minority shareholders. During the boom, Egyptian corporations invariably shifted to graduated-scale voting and most removed restrictions on calling extraordinary general meetings. But more companies also adopted fixed quorum rules, gave directors total discretion over borrowing, and stopped mailing or publishing annual financials before the annual meeting. After 1908, these provisions were rolled back. Bundling governance rules in this manner suggests a compromise between directors and shareholders. During the boom, when expectations were high and liquidity constraints were slack, shareholders were content with giving more agency to directors. After the crash of 1907, investment contracted and shareholders became more cautious. The changes could not have been prescriptive since the Egyptian government—despite the authorization system—had little regulatory power and these rules were not mandated by statute.<sup>21</sup> The evolution of governance rules in Egyptian corpora-

---

<sup>21</sup>The government could not adopt any regulation that affected Europeans—and thereby, corporations, which were dominated by European founders and shareholders—without the consent of European powers. The prohibition of founders' shares is a case in point. The government unsuccessfully tried to prevent issuing founders' shares in 1899 and 1906 but could only fully achieve this goal in 1908 after the repeal.

tions, and the absence of similar changes in British corporations, show that incorporators had considerable flexibility under civil law traditions.

The contrast between legal traditions raises a natural question: were these differences driven by sectoral variation? While the distribution of incorporations under French-civil law and British law are even, except in mining and utilities, industry-specific factors could have impelled founders in those industries to adopt certain rules. For instance, [Hansmann and Pargendler \(2013\)](#) argue that utilities companies were more likely to adopt graduated voting scale due to regulatory pressures. Or industries dependent on external finance might have been more willing to provide stronger protections if they hoped to attract more investment this way. [Figure 2](#) unpacks sectoral differences in governance rules by legal regime.<sup>22</sup> Overall, industries did not statistically differ from one another in the degree of protections they adopted. British banks tended to adopt stronger voting rights than other British companies, but the statistically significant separation occurred between legal traditions within industries rather than between industries.

The correlations presented so far are descriptive. Founders likely selected into different legal configurations and adopted by-laws depending on their firms' industry, how much capital they wanted to raise, and which capital markets they wanted to promote their companies. I address these selection problems by taking advantage of the 1908 repeal as a plausibly exogenous turning point, which removed founders' choice of law. Using the propensity scored matched samples, which compare British firms with Egyptian firms that would have incorporated as a British corporation in the absence of a repeal, I estimate linear models of the form

$$y_i = \beta \cdot D(\text{British law}_i = 1) + \mathbf{X}'_i \gamma + \mu_s + \varepsilon_i, \quad (2)$$

---

<sup>22</sup>Some industry categories are not plotted, most notably British utilities and Egyptian mines, due to having too few observations.

where  $y_i$  is a governance rule of interest in corporation  $i$ . I analyze the following governance rules as outcomes: Hilt's voting rights index, whether the company adopted a fixed voting scale with no ceiling on votes, whether directors were guaranteed a minimum fixed remuneration, whether the shareholders never elected a full board of directors, if directors' discretion over borrowing was not restricted in any way, and if the annual financials were neither mailed nor published. By construction, a score of 1 implies weaker shareholder rights. The key regressor is the British law dummy,  $D$  (British law $_i = 1$ ), which equals 1 if the company incorporated under British law.  $X_i$  is a vector of other corporation-level controls—the proportion of British founders, the proportion of founders in Egypt, and log nominal capital— $\mu_s$  are dummy variables for industry categories, and  $\varepsilon_i$  is an error term.<sup>23</sup> I include industry controls in all regressions since the external financial dependence of certain sectors can matter in the adoption of better corporate governance (Rajan and Zingales, 1998). I estimate each model over four samples: the full and matched samples comparing British firms to pre-repeal Egyptian firms and post-repeal Egyptian firms. The results are reported in Tables 4 and 5.

The empirical exercise provides robust confirmations of the descriptive data. Companies incorporated under British law scored about 0.58 points higher on the voting rights index and were 55 to 78 percentage points more likely to adopt unrestricted fixed voting scale. British firms were 44 to 67 percentage points more likely to adopt quorum rules with fixed number of members (in fact, usually lower than the minimum size of the board of directors) and were also 53 to 88 percentage points less likely to adopt any restriction on the board's borrowing power. Provisions on calling extraordinary general meetings and the disclosure of annual financials depended on the comparison group. The pre-repeal Egyptian companies were 37–56 percentage points more likely to raise the threshold on calling extraordinary general meetings and 22–32 percentage points less likely to publish

---

<sup>23</sup>While the selection model picked the proportion of founders in Britain over the proportion whose residence was in Egypt, the latter is more appropriate for controlling directors' proximity to potential investors and founders' know-how about Egyptian business.

the annual contents in a newspaper or mail them to shareholders. These differences vanished after the repeal.

## **Robustness**

Propensity score matching is helpful in addressing selection into treatment. But the matched samples have some drawbacks. First, there might still be selection on unobservables. Testing this type of selection is not possible but as a robustness check, Tables 4 and 5 report Oster's  $\delta$  to measure the extent of selection on unobservables that would explain away these results, as formulated in Oster (2019). For the relevant specifications that yield significant results, Oster's  $\delta$  is above the recommended threshold of 1 in the matched sample, as opposed to 0.2–0.5 in the full sample.

Second, the matching process cuts down the sample size considerably. As an alternative, I reweight the sample using Hainmueller's (2012) entropy balancing as described before. I then estimate model 2 using this weighted sample. Tables 4 and 5 show that the results are comparable to the matched samples based on propensity scores.

Third, I take advantage of continuity between firms through mergers and acquisitions as well as repeated founders. Some corporations were acquired by other companies, some merged with another to form a new firm, and others were reincorporated as Egyptian firms shortly after the repeal. Note that, before 1908, firms could transition from an Egyptian firm to a British firm, but not after. The acquisition information was available in company files (stated as reason for winding up), in the new corporation's charter, or in the 1911 volume of *Statistique*. Due to mergers, there were slightly more acquired firms (17 defunct to 15 new). Table A.3 reports the results from estimating 2 using this sample. The estimates are consistent with the previous evidence. Upon becoming an Egyptian firm, enterprises adopted stronger voting rights and imposed restrictions on borrowing. Finally, I construct a matched sample by propensity score matching Egyptian firms (all periods included) to British firms as before but now also conditional on having at least one founder that ap-

peared in a British and an Egyptian firm. Re-estimating model 2, with the addition of founder fixed effects, shows that the main results stand. The fact that companies under civil law regimes provided stronger voting rights and restricted borrowing was not driven by a group of founders.

### 3.4 Governance Rules and Firm Outcomes

#### Firm Survival

Having established systematic differences in the adoption of governance rules under different laws, I turn to addressing the implications of these rules for firm performance. I start investigating firm survival by dropping companies that voluntarily wound up because they were acquired, merged, or reincorporated, as these exits do not necessarily describe organizational failure. Then, I plot survival functions over 20 years using the Kaplan-Meier estimator, a non-parametric method that approximates the true survival function with few assumptions. Figure 3 shows the estimated survival curves. First, I estimate survival for companies that incorporated under British law, Egyptian law before the repeal, after the repeal, and Belgian law. British companies were significantly more frail overall; only 25 percent survived the first 10 years. In contrast, more than 50 percent of companies under the French law traditions survived their first 10 years. The post-1908 group was somewhat more frail than the earlier cohort, but this was likely associated with their smaller capitalization. In parametric survival specifications, controlling for capital removes the difference between pre-repeal and post-repeal Egyptian firms (see Table A.5 in the Appendix). The British companies' frailty was not due to the preponderance of British founders, who arguably did not have the business know-how to successfully manage firms in Egypt. The second graph addresses this concern by restricting the sample to firms with at least one non-British founder. The new survival function shows that British firms in this sample were even frailer. The last graph repeats the same exercise over the matched sample comprising pre-1908 British companies and post-1908 Egyptian compa-



nies. Although the survivor functions converge in 15 years, British companies were significantly more frail in the first 10 years. The panic of 1907, which hit most British firms early in their lifecycle, could be responsible for the short-run survival gap but it cannot explain the British firms' frailty relative to Egyptian companies founded before the panic.

The differences in survival could be due to firm-specific factors such as the composition of founders, their location, or the firm's external financial dependence. To dig deeper into the determinants of survival, I estimate accelerated failure-time models with a log-logistic specification for the underlying survival function.<sup>24</sup> The British law is the main regressor, with additional controls for founder characteristics (proportion of British founders, founders living in Egypt), capital, industry, and whether the firm was public or private. The baseline specification, however, might involve selection into treatment; for instance, firms in financially dependent sectors selected into British law to raise capital in London but were more likely to dissolve because of that dependence. Using matched samples addresses this problem. Table 6 reports the results using the post-1908 Egyptian firms (columns 1 and 2), post-1908 Egyptian firms (columns 3 and 4), and the sample with repeated founders (column 5). Across all specifications, British companies were consistently associated with a 72 to 84 percent shorter expected duration from entry. The high-risk of British companies did not arise from absentee British founders, targeting shareholders outside of Egypt, or from industry-specific dependence on external finance.

The panic of 1907 shows a similar pattern. Survival functions, where the outcome variable is duration since the onset of the crisis (April 1, 1907), up to three years, shows that over half of all British firms alive dissolved within two years of the crisis. I estimate accelerated failure-time models, where the dependent variable is duration since crisis before exit. I add two more controls: firm age on April 1, 1907, and a dummy for founders' shares,

---

<sup>24</sup>Semi-parametric models like Cox involve similarly strong assumptions. In this case, the critical assumption of proportional hazards—that different values of a regressor have constant hazard ratios over time—is violated in key covariates, most notably in the British law dummy. The details of this test are provided in the Appendix. See Figure A.5 and Table A.11. Among the duration models, the log-logistic specification had the lowest value of AIC and the highest log-likelihood.

which contemporaries viewed to be responsible for the panic's severity. The results, reported in 6 (columns 6 and 7), show that British companies had 73 to 79 percent shorter duration since the onset of the 1907 panic.

Digging deeper to investigate whether and which provisions mattered for survival, I estimate the same duration models with governance rules as the main regressor using the full and matched samples of British and pre-1908 (Table 7) or post-1908 Egyptian firms (Table 8). Each specification includes controls for founder characteristics, share capital, public firms, and industry. Three governance dimensions emerge as robust predictors: voting rights, staggering board elections, and directors' borrowing powers. In each case, shifting power away from minority shareholders reduced expected firm duration by 49 to 78 percent.

The results are robust to alternative samples and checks, presented in the Appendix. That certain governance rules were associated with higher frailty is not driven by private firms, which might suffer from higher exit risk but more likely to adopt weak voting rights. Removing private firms from the sample does not change the results; in fact, the impact of governance structures was stronger in public companies (Table A.6). These effects stand if the sample is restricted to firms that share founders (the first panel in Table A.7). For another check, I remove all firms that died within two years (the second panel in Table A.7). This mutes the effects of governance rules somewhat, suggesting that a significant (but not the entirety) of these effects are active in the first few years of the corporation's lifecycle.

### **Dividends and Firm Value**

While survival captures an important dimension of firm performance, evaluating the impact of governance rules on survival is difficult. Voting rights might matter less in private corporations in which founders do not wish to expand ownership. And some exits might be interpreted as successes or wealth creating. The previous empirical exercises account

for these issues by removing mergers and acquisitions, or restricting the analysis to public firms only, but survival ultimately proxies for other—more direct—measures of performance such as net profits or Tobin’s Q. Unfortunately, the absence of consistent financial reporting for the vast majority of firms preclude the use of such conventional measures. I take advantage of two alternatives: the probability of paying dividends, which approximates profitability, and the ratio of share prices to par value, which approximates Tobin’s Q.

Using the public company sample (1901–11), Table 9 reports the results from estimating linear probability models of the form

$$y_{it} = \beta G_i + \mathbf{X}'_{it}\gamma + \mu_s + \eta_t + \varepsilon_{it}, \quad (3)$$

where  $y_{it} = 1$  if firm  $i$  paid dividends in year  $t$ ,  $G_i$  is the governance rule of interest that equals 1 if it shifts power away from minority shareholders,  $\mu_s$  describes sector fixed effects,  $\eta_t$  denotes time fixed effects, and  $\mathbf{X}_{it}$  is a vector of firm-specific controls including founder characteristics, paid-in capital in year  $t$ , firm age in year  $t$ , or listed on the London Stock Exchange (inclusion depended on the sample).<sup>25</sup> All standard errors are clustered at the firm level.

Certain governance rules had important effects on firm profitability. Public firms that limited the voting power of minority shareholders were less likely to pay any dividends but different variables are active in the full and matched samples. Extending the analysis to all corporations between 1908 and 1911 (Table 10), and controlling for whether a firm was public or not, voting rights again stand out as robust predictors of firm profitability as well as representative quorum rules and imposing restrictions on borrowing. The adoption of weaker protections was associated with a decrease of up to 35 percentage points in the probability of paying any dividends. The results are robust to (in fact, stronger in) entropy

---

<sup>25</sup>Some public companies had different classes of shares besides ordinary shares; most significantly, founders’ shares. However, there was not an instance of a company paying dividends for one class and not paying for another. So this distinction does not matter for the dividend payout indicator.

balancing (Table A.8 in the Appendix). The strength of the post-1908 estimates suggest that weak voting rights were more impactful for private companies, but fixed voting scale or fixed quorum rules still had negative effects on public companies' likelihood to pay dividends (see Table A.9 in the Appendix). In all specifications, firm age is positively associated with profitability, which support the previous findings on survival.

Next, I estimate linear models where the dependent variable is the upper or lower bound on market-to-book value of equity in public companies between 1901 and 1911. The year of the panic (1907) is excluded since market quotations for that year are not available. The results are reported in Tables 11 and 12. Firms that shifted power to insiders through weaker voting rights, fixed quotas for quorum in general meetings, staggered board elections, and unrestricted borrowing powers, were associated with significantly lower firm value, whether measured as upper or lower bounds. The effects are robust to entropy balancing (see Table A.10 in the Appendix). Firm age was, again, positively associated with firm value. Together, these three measures of firm performance show that, when insiders had more concentrated power and acted with less oversight, they hurt their firms' profitability, valuation, and ultimately, expected duration.

## **Discussion of Mechanisms**

The new evidence highlights how corporations sorted into different bundles of governance rules in each legal tradition and significance of these rules in affecting firm outcomes. Weak voting rights and unrestricted borrowing were especially significant predictors of failure, declining firm value, and profitability. This is consistent with the theory that stresses the central role of agency problems in governance. Contemporary accounts confirm the econometric analysis of firm histories. Much of the reporting before 1906 focused on founders' shares. But as the panic gripped the financial markets in April 1907, the press started reporting on shareholder complaints that directors borrowed "too much" without consulting shareholders, voted down shareholders' requests (since directors had "pre-

dominant voting power”), took votes without the presence of most shareholders (thanks to fixed quorum rules), communicated information about financials to shareholders irregularly, or moved company books to London so shareholders could not access them.<sup>26</sup> So, at least after the panic, investors and the press started paying more attention to the relationship between governance rules and firm failure.

The data suggest one more explanation: stronger protections provided better or easier access to capital Haber (1991). This channel could be especially significant for young firms whose lifecycles are characterized by “up-or-out” dynamics Haltiwanger et al. (2013). I investigate this channel by estimating linear models of growth in paid capital each year, that is,

$$y_{it} = \beta G_i + \mathbf{X}_i' \gamma + \mu_s + \eta_t + \varepsilon_{it}, \quad (4)$$

where  $y_{it}$  is the log difference in firm  $i$ 's paid capital in years  $t$  and  $t - 1$ ,  $G_i$  is a governance rule,  $\mathbf{X}_i$  is a vector of time-invariant founder and firm characteristics,  $\mu_s$  denotes industry fixed effects,  $\eta_t$  denotes time fixed effects, and  $\varepsilon_{it}$  is the error term. Data on annual paid capital is consistently available for both private and public firms only between 1907 and 1911. Voting scale and borrowing provisions are not included as dependent variables since only five (out of 64) corporations of this sample were British; all Egyptian corporations in the sample had graduated scale and restricted borrowing in some way. Table 13 reports the results. Corporations with weaker voting rights, guaranteed director remuneration, and limited disclosure of annual financials were associated with considerably slower capital growth. So, at least after the panic, young corporations with stronger protections could raise capital more effectively. Combining this finding with the survival results, which showed that governance rules were central to survival in the first few years after entry, this exercise supports the broader up-or-out patterns of young firms. This evidence suggests

---

<sup>26</sup>The Law Times, Volume 124, 4 April 1908, pp. 518–19; The Economist, Volume 66, 6 June 1908, pp. 1204–05, Sanderson (1909). Shareholders also raised concerns about companies freezing payments to allotments, passing resolutions to voluntarily wind up the company and appoint liquidators in a general meeting without any shareholders who were not on the board.

that governance rules might have affected the survival of young corporations through their ability to raise capital. However, without additional data, my analysis cannot say whether the same dynamics extended to the earlier periods, especially the financial bubble of 1905–06. Checking for public corporations, for which paid-up capital data before 1907 is available, we find that results are not robust (Table 14). But my analysis cannot distinguish the determinants of this difference: was it easy access to credit before the panic—so, the investors did not pay attention to governance structures—or did governance provisions matter less to public firms due to the presence other incentive structures on directors? Post-panic public corporations also faced difficulty in raising capital, but the sample size is small. The absence of reporting on governance issues during the boom suggests that shareholders might not have paid much attention to these issues. Future research will need to contend with disentangling these effects.

## 4 Conclusion

Egyptian legal environment offered a great deal of freedom to incorporators. They could incorporate under Egyptian law—a French transplant—or any other European law, including British. After the panic of 1907, courts unexpectedly struck down this flexibility, mandating all new companies to incorporate under Egyptian law. This provides an unusual opportunity to study how incorporators choices of laws and governance rules evolved over time, in the same economy, at the same time, across the same group of potential entrepreneurs, seeking to raise capital from the same investors. To evaluate incorporators' revealed preferences over law and governance rules, and how these rules affected firm outcomes, I collected the articles of every company with an available charter, established before 1914, and primarily operating in Egypt. The analysis demonstrated significant contrast between legal regimes. Despite neither law providing strong protections at the statutory level, company governance structures converged to distinct bundles

of rules in each legal regime. Firms that sorted into British law adopted rules that assigned more discretion to directors and less monitoring power to shareholders. These corporations adopted provisions that diluted minority shareholders' voice through fixed quotas for quorum, making it harder to call extraordinary meetings, or adopting fixed scale voting rules such as one share, one vote. They did not put any restriction on directors' borrowing. Companies that incorporated under the French tradition provided significantly stronger protections in these dimensions, but adopted longer director rotations, delayed the re-election of the first (appointed) board of directors, and did not circulate company financials to shareholders via mail or publishing in a newspaper. So, corporations in either category entrenched directors in different ways.

These rules mattered for firm outcomes. At the outset, investors were seemingly indifferent to the details of governance structures. Companies in either legal tradition were equally successful in raising capital and attracting investors at the outset before 1907. Shareholders were probably content as long as they received dividends and cared more about the potential returns of a new enterprise, as was the case in Britain at the same time (Guinnane et al., 2017). In part, this investor behavior explains why the securities bubble emerged. But the governance rules were significant for profitability, firm value, and survival. Companies with stronger shareholder rights and stricter limits on directors enjoyed higher ratios of market-to-book value, higher likelihood to be profitable enough to pay dividends, and lower failure risk. As credit became less available after the panic, new companies with weaker shareholder protections struggled to raise capital as effectively.

## Primary sources and official publications

Belgium, Recueil spécial des actes, extraits d'actes, procès-verbaux et documents relatifs aux sociétés commerciales (various).  
Egypt, Egyptian Directory (various)  
Egypt, Gazette des tribunaux mixtes (1911–21)  
Egypt, Journal officiel du gouvernement égyptien (1887–1914)  
Egypt, Journal des tribunaux mixtes (1921–49)  
Egypt, Ministry of Finance, Annuaire de la finance égyptienne 1907 (Cairo, 1909)  
Egypt, Ministry of Finance, Joint Stock Companies Operating Chiefly in Egypt, Part II: Situation on the 31st December 1907 (Cairo, 1909)  
Egypt, Ministry of Finance, Statistique des sociétés anonymes par actions travaillant principalement en Égypte 1911, 1925–40 (Cairo, various)  
Egypt, Ministry of Finance, The Census of Egypt Taken in 1907 (Cairo, 1909)  
United Kingdom, House of Commons Parliamentary Papers, Reports by Her Majesty's agent and consul-general on the finances, administration, and condition of Egypt and the Soudan in 1899 (London: Harrison and Sons, 1900)  
United Kingdom, the National Archives, BT 31, Board of Trade: Companies Registration Office: Files of Dissolved Companies

## References

- Acheson, Graeme G, Gareth Campbell, and John D Turner**, "Private contracting, law and finance," *The Review of Financial Studies*, 2019, 32 (11), 4156–4195.
- Alford, C.J.**, *Mining Law of the British Empire* Griffin's mining series, C. Griffin, Limited, 1906.
- Artunç, Cihan and Mohamed Saleh**, "Political Connections and Corporation Performance in Egypt, 1890–1952," 2021. Mimeo.
- **and Timothy W Guinnane**, "Partnership as experimentation," *The Journal of Law, Economics, and Organization*, 2019, 35 (3), 455–488.
- Artunç, Cihan**, "Barrators, Berats, and Bandits: Economic Implications of Legal Rules in the Ottoman Empire and Egypt, 1600-1921." PhD dissertation, Yale University 2014.
- , "Religious minorities and firm ownership in early twentieth-century Egypt," *Economic History Review*, 2019, 72 (3), 979–1007.
- Ağır, S and C Artunç**, "Set and Forget? The Evolution of Business Law in the Ottoman Empire and Turkey," *Business History Review*, 2021, 95 (4), 703–738.
- Bebchuk, Lucian A. and Alma Cohen**, "The costs of entrenched boards," *Journal of Financial Economics*, 2005, 78 (2), 409–433.



- Bebchuk, Lucian, Alma Cohen, and Allen Ferrell**, "What matters in corporate governance?," *The Review of financial studies*, 2009, 22 (2), 783–827.
- Beck, Thorsten, Asli Demirgüç-Kunt, and Ross Levine**, "Law, endowments, and finance," *Journal of financial Economics*, 2003, 70 (2), 137–181.
- Bellone, Flora, Patrick Musso, Lionel Nesta, and Michel Quéré**, "Market selection along the firm life cycle," *Industrial and Corporate Change*, 2008, 17 (4), 753–777.
- Berkowitz, Daniel, Katharina Pistor, and Jean-Francois Richard**, "Economic Development, Legality, and the Transplant Effect," *European Economic Review*, 2003, pp. 165–195.
- Bhagat, Sanjai and Brian Bolton**, "Corporate governance and firm performance," *Journal of corporate finance*, 2008, 14 (3), 257–273.
- Bradford, Anu, Yun chien Chang, Adam Chilton, and Nuno Garoupa**, "Do legal origins predict legal substance?," *The Journal of Law and Economics*, 2021, 64 (2), 207–231.
- Brinton, Jasper Yeates**, *The Mixed Courts of Egypt*, revised ed., New Haven: Yale University Press, 1968.
- Brown, Nathan J.**, "The precarious life and slow death of the mixed courts of Egypt," *International Journal of Middle East Studies*, February 1993, 25 (1), 33–52.
- Campbell, Gareth and John D. Turner**, "Substitutes for legal protection: corporate governance and dividends in Victorian Britain," *Economic History Review*, 2011, 64 (2).
- Chandler, A. D.**, *The Visible Hand: The Managerial Revolution in American Business*, Belknap Press, 1977.
- Cheffins, Brian R.**, "Does law matter? The separation of ownership and control in the United Kingdom," *The Journal of Legal Studies*, 2001, 30 (2), 459–484.
- Clementi, Gian Luca and Berardino Palazzo**, "Entry, exit, firm dynamics, and aggregate fluctuations," *American Economic Journal: Macroeconomics*, 2016, 8 (3), 1–41.
- Coffee, John C.**, "The mandatory/enabling balance in corporate law: An essay on the judicial role," *Columbia Law Review*, 1989, 89 (7), 1618–1691.
- Coyle, Christopher, Aldo Musacchio, and John D Turner**, "Law and Finance in Britain c. 1900," *Financial history review*, 2019, 26 (3), 267–293.
- Crouchley, A. E.**, *The Investment of Foreign Capital in Egyptian Companies and Public Debt* 1936.
- Grandguillot, G.**, *Etude sur la crise Egyptienne: Ses causes, ses remèdes*, Établissements A. Mourès, 1909.
- Gregg, Amanda and Steven Nafziger**, "Births, lives, and deaths of corporations in late imperial Russia," 2020. mimeo.

- Gregg, Amanda G**, "Factory productivity and the concession system of incorporation in late Imperial Russia, 1894–1908," *American Economic Review*, 2020, 110 (2), 401–27.
- Guinnane, Timothy W**, "Creating a new legal form: the GmbH," *Business History Review*, 2021, 95 (1), 3–32.
- Guinnane, Timothy W., Ron Harris, and Naomi R. Lamoreaux**, "Contractual Freedom and Corporate Governance in Britain in the Late Nineteenth and Early Twentieth Centuries," *Business History Review*, 2017, 91 (2).
- , – , – , and **Jean-Laurent Rosenthal**, "Putting the Corporation in its Place," *Enterprise and Society*, 2007, 8 (3), 687–729.
- Haber, Stephen H**, "Industrial concentration and the capital markets: A comparative study of Brazil, Mexico, and the United States, 1830–1930," *Journal of Economic History*, 1991, 51 (3), 559–580.
- Hainmueller, Jens**, "Entropy balancing for causal effects: A multivariate reweighting method to produce balanced samples in observational studies," *Political analysis*, 2012, 20 (1), 25–46.
- Haltiwanger, John, Ron S Jarmin, and Javier Miranda**, "Who creates jobs? Small versus large versus young," *Review of Economics and Statistics*, 2013, 95 (2), 347–361.
- Hansmann, H. and R. Kraakman**, "The Essential Role of Organizational Law," *The Yale Law Journal*, 2000, 110 (3), 387–440.
- Hansmann, Henry and Mariana Pargendler**, "The evolution of shareholder voting rights: separation of ownership and consumption," *Yale LJ*, 2013, 123, 948.
- and **Reinier Kraakman**, "The end of history for corporate law," *Georgetown Law Journal*, 2001, 89, 439–68.
- and – , "Reflections on the end of history for corporate law," in "The Convergence of Corporate Governance," Springer, 2012, pp. 32–48.
- Hilt, Eric**, "When did ownership separate from control? Corporate governance in the early nineteenth century," *Journal of Economic History*, 2008, 68 (3), 645–85.
- Hopenhayn, Hugo A**, "Entry, exit, and firm dynamics in long run equilibrium," *Econometrica*, 1992, pp. 1127–1150.
- Hoyle, Mark S. W.**, *Mixed Courts of Egypt*, London, 1991.
- Issa, Hossam M.**, *Capitalisme et sociétés anonymes en Egypte: essai sur le rapport entre structure sociale et droit*, Vol. 111, Paris: Librairie générale de droit et de jurisprudence, 1970.
- Jovanovic, Boyan**, "Selection and the Evolution of Industry," *Econometrica*, 1982, pp. 649–670.

- Klerman, Daniel M, Paul G Mahoney, Holger Spamann, and Mark I Weinstein**, “Legal origin or colonial history?,” *Journal of Legal Analysis*, 2011, 3 (2), 379–409.
- Kuran, Timur**, *The Long Divergence: How Islamic Law Held Back the Middle East*, Princeton: Princeton University Press, 2011.
- Lamoreaux, Naomi R and Jean-Laurent Rosenthal**, “Legal Regime and Contractual Flexibility: A Comparison of Business’s Organizational Choices in France and the United States during the Era of Industrialization,” *American Law and Economics Review*, 2005, 7 (1), 28–61.
- **and** – , “Corporate Governance and the Plight of Minority Shareholders in the United States before the Great Depression,” in “Corruption and Reform: Lessons from America’s Economic History,” University of Chicago Press, 2006, pp. 125–152.
- Licht, Amir N, Chanan Goldschmidt, and Shalom H Schwartz**, “Culture, law, and corporate governance,” *International review of law and economics*, 2005, 25 (2), 229–255.
- Lindsey, Charles and Simon Sheather**, “Variable selection in linear regression,” *Stata Journal*, 2010, 10 (4), 650–669.
- Morck, Randall K., ed.**, *A History of Corporate Governance around the World: Family Groups to Professional Managers*, Chicago: University of Chicago Press, 2005.
- Musacchio, Aldo**, “Law and Finance c. 1900,” 2010. National Bureau of Economic Research Working Paper 16216.
- **and John D Turner**, “Does the law and finance hypothesis pass the test of history?,” *Business History*, 2013, 55 (4), 524–542.
- Nicholas, Tom**, “The Organization of Enterprise in Japan,” *The Journal of Economic History*, 2015, 75 (02), 333–363.
- Noyes, Alexander D**, “A Year after the Panic of 1907,” *Quarterly Journal of Economics*, 1909, 23 (2), 185–212.
- Oster, Emily**, “Unobservable selection and coefficient stability: Theory and evidence,” *Journal of Business & Economic Statistics*, 2019, 37 (2), 187–204.
- Owen, Roger**, *Cotton and the Egyptian Economy, 1820-1914: A Study in Trade and Development*, Clarendon Press, 1969.
- , *The Middle East in the World Economy, 1800-1914*, London: I. B. Tauris, 1993.
- Owen, Thomas C.**, *The Corporation under Russian Law*, Cambridge University Press, 1991.
- Porta, Rafael La, Florencio Lopez de Silanes, and Andrei Shleifer**, “The economic consequences of legal origins,” *Journal of economic literature*, 2008, 46 (2), 285–332.

- , **Florencio Lopez-De-Silanes, and Andrei Shleifer**, “The Economic Consequences of Legal Origins,” *Journal of Economic Literature*, 2008, 46 (2), 285–332.
- , **Florencio Lopez de Silanes, Andrei Shleifer, and Robert W Vishny**, “Legal determinants of external finance,” *The journal of finance*, 1997, 52 (3), 1131–1150.
- , **Florencio Lopez-De-Silanes, Andrei Shleifer, and Robert W. Vishny**, “Law and Finance,” *Journal of Political Economy*, 1998, 106 (6).
- Rajan, Raghuram and Luigi Zingales**, “Financial Dependence and Growth,” *American Economic Review*, 1998, 88 (3), 559–86.
- Rajan, Raghuram G. and Luigi Zingales**, “The great reversals: the politics of financial development in the twentieth century,” *Journal of financial economics*, 2003, 69 (1), 5–50.
- Roberts, Michael R. and Toni M. Whited**, “Endogeneity in Empirical Corporate Finance,” in George M. Constantinides, Milton Harris, and Rene M. Stulz, eds., *Handbook of the Economics of Finance*, Vol. 2, Elsevier, 2013, pp. 493–572.
- Rutterford, Janette**, “The Shareholder Voice: British and American Accents, 1890–1965,” *Enterprise & Society*, 2012, pp. 120–153.
- Sanderson, F. R.**, “Foreign Companies in Egypt,” *Judicial Review*, 1909, 21 (1), 1–16.
- Stokes, R.S.G.**, *Mines and Minerals of the British Empire: Being a Description of the Historical, Physical, & Industrial Features of the Principal Centres of Mineral Production in the British Dominions Beyond the Seas*, E. Arnold, 1908.
- Tignor, Robert L.**, *Modernisation and British Colonial Rule in Egypt*, Princeton: Princeton University Press, 1966.
- , *State, private enterprise and economic change in Egypt, 1918-1952*, Princeton University Press, 1984.
- Tirole, Jean**, “Corporate Governance,” *Econometrica*, 2001, 69 (1), 1–35.
- Wilner, Gabriel M**, “The Mixed Courts of Egypt: A Study on the Use of Natural Law and Equity,” *Ga. J. Int’l & Comp. L.*, 1975, 5, 407.

Table 1: Descriptive Statistics

	British, pre-1904			British, 1905–07			Egyptian, pre-1904			Egyptian, 1905–07			Egyptian, post-1908			Belgian		
	Mean	SD	N	Mean	SD	N	Mean	SD	N	Mean	SD	N	Mean	SD	N	Mean	SD	N
<i>Capital</i>																		
Nominal capital (100,000s £)	1.78	2.86	44	1.77	1.99	57	1.72	4.47	50	1.61	1.82	52	0.53	0.84	45	1.99	1.90	13
=1 if shares denominated in £	1.00	0.00	44	1.00	0.00	57	0.54	0.50	50	0.37	0.49	52	0.44	0.50	45	0.00	0.00	13
=1 if issued founders' shares	0.30	0.46	44	0.65	0.48	57	0.36	0.48	50	0.54	0.50	52	0.00	0.00	45	0.85	0.38	13
=1 if issued preference shares	0.09	0.29	44	0.07	0.26	57	0.00	0.00	50	0.06	0.24	52	0.00	0.00	45	0.15	0.38	13
=1 if public	0.25	0.44	44	0.42	0.50	57	0.38	0.49	50	0.56	0.50	52	0.09	0.29	45	0.46	0.52	13
=1 if listed in London	0.18	0.39	44	0.09	0.29	57	0.04	0.20	50	0.12	0.32	52	0.00	0.00	45	0.00	0.00	13
=1 if listed in Paris	0.00	0.00	44	0.02	0.13	57	0.08	0.27	50	0.08	0.27	52	0.00	0.00	45	0.00	0.00	13
=1 if listed in Belgium	0.00	0.00	44	0.02	0.13	57	0.10	0.30	50	0.02	0.14	52	0.00	0.00	45	0.23	0.44	13
<i>Founder characteristics</i>																		
Prop. of British founders	0.93	0.15	44	0.58	0.38	57	0.13	0.20	50	0.19	0.20	52	0.13	0.25	45	0.01	0.03	13
Prop. of local founders	0.04	0.10	44	0.22	0.29	57	0.47	0.30	50	0.33	0.29	52	0.32	0.31	45	0.15	0.14	13
Prop. European founders	0.04	0.10	44	0.20	0.23	57	0.40	0.29	50	0.48	0.28	52	0.55	0.33	45	0.84	0.13	13
Prop. founders in Britain	0.81	0.29	44	0.46	0.42	57	0.03	0.10	50	0.03	0.09	52	0.03	0.11	45	0.01	0.02	13
Prop. founders in Egypt	0.17	0.29	44	0.50	0.42	57	0.85	0.20	50	0.89	0.20	52	0.86	0.21	45	0.23	0.22	13
Prop. founders in Europe	0.01	0.06	44	0.03	0.08	57	0.11	0.18	50	0.07	0.15	52	0.11	0.19	45	0.75	0.21	13
=1 if family firm (strong)	0.05	0.21	44	0.05	0.23	57	0.06	0.24	50	0.00	0.00	52	0.07	0.25	45	0.00	0.00	13
=1 if family firm (weak)	0.07	0.25	44	0.11	0.31	57	0.22	0.42	50	0.12	0.32	52	0.13	0.34	45	0.08	0.28	13
<i>Industries</i>																		
Construction	0.00	0.00	44	0.04	0.19	57	0.00	0.00	50	0.02	0.14	52	0.09	0.29	45	0.15	0.38	13
Manufacturing	0.11	0.32	44	0.09	0.29	57	0.30	0.46	50	0.19	0.40	52	0.09	0.29	45	0.31	0.48	13
Trade	0.07	0.25	44	0.11	0.31	57	0.08	0.27	50	0.06	0.24	52	0.24	0.43	45	0.15	0.38	13
Transport	0.09	0.29	44	0.09	0.29	57	0.20	0.40	50	0.15	0.36	52	0.07	0.25	45	0.00	0.00	13
Banking and finance	0.05	0.21	44	0.14	0.35	57	0.10	0.30	50	0.08	0.27	52	0.11	0.32	45	0.23	0.44	13
Mining	0.43	0.50	44	0.16	0.37	57	0.02	0.14	50	0.00	0.00	52	0.04	0.21	45	0.00	0.00	13
Utilities	0.02	0.15	44	0.00	0.00	57	0.12	0.33	50	0.04	0.19	52	0.04	0.21	45	0.00	0.00	13
Land	0.18	0.39	44	0.33	0.48	57	0.16	0.37	50	0.35	0.48	52	0.31	0.47	45	0.08	0.28	13
Hotels	0.05	0.21	44	0.05	0.23	57	0.02	0.14	50	0.12	0.32	52	0.00	0.00	45	0.08	0.28	13

Note: A corporation is categorized as a family firm if at least half (strong) or one-third (weak) of their founders share a last name.

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909.

Table 2: Balance Table

	British–Post-1908 Egyptian Diff		British–Pre-1908 Egyptian Diff		Variable Selection
	Full Sample (1)	Matched Sample (2)	Full Sample (3)	Matched Sample (4)	=1 if British Law (5)
Prop. Brit. found.	0.590*** (0.000)	0.084 (0.459)	0.558*** (0.000)	0.148** (0.021)	0.295** [0.126]
Prop. local found.	-0.161*** (0.000)	-0.082 (0.442)	-0.238*** (0.000)	-0.097 (0.134)	
Prop. found. in Britain	0.555*** (0.000)	0.046 (0.356)	0.549*** (0.000)	0.080** (0.038)	0.443*** [0.116]
Prop. found. in Egypt	-0.424*** (0.000)	0.004 (0.956)	-0.416*** (0.000)	-0.067 (0.177)	
Nominal capital (log £)	1.057*** (0.000)	-0.044 (0.927)	0.215 (0.285)	0.049 (0.875)	0.029** [0.012]
=1 if quoted in E£	-0.500*** (0.000)	0.000	-0.407*** (0.000)	0.000 ( )	
=1 if quoted in £	0.583*** (0.000)	0.000	0.585*** (0.000)	0.000 ( )	0.334*** [0.046]
=1 if quoted in Fr	-0.083*** (0.002)	0.000	-0.178*** (0.000)	0.000 ( )	
=1 if family firm	-0.017 (0.646)	-0.031 (0.703)	0.011 (0.666)	0.017 (0.672)	
=1 if ever public	0.238*** (0.002)	0.061 (0.709)	-0.115* (0.076)	-0.042 (0.701)	
Construction	-0.065** (0.048)	-0.031 (0.703)	-0.007 (0.703)	0.042 (0.196)	
Manufacturing	-0.014 (0.782)	-0.004 (0.962)	-0.156*** (0.002)	-0.192** (0.017)	
Trade	-0.148*** (0.010)	0.105 (0.250)	-0.004 (0.920)	0.054 (0.355)	
Transport	0.046 (0.370)	0.048 (0.662)	-0.053 (0.244)	-0.021 (0.762)	
Finance	0.001 (0.984)	0.070 (0.618)	0.024 (0.562)	0.038 (0.646)	
Mining	0.211*** (0.002)	0.053 (0.428)	0.244*** (0.000)	0.038 (0.406)	
Utilities	-0.024 (0.385)	-0.057 (0.390)	-0.058** (0.040)	-0.079 (0.113)	
Land	-0.030 (0.694)	-0.237 (0.130)	0.024 (0.677)	0.083 (0.399)	
Hotels, tourism	0.024 (0.465)	0.053 (0.428)	-0.014 (0.630)	0.038 (0.406)	
Obs. Egyptian	48	12	118	40	
Obs. British	111	38	111	48	
Observations	159	50	229	88	277
$R^2$					0.620

Note: Columns 1 through 4 report balance tests of observable characteristics between British and Egyptian corporations. Columns 1 and 2 report the mean differences of British minus post-1908 Egyptian firms; columns 3 and 4 report British minus pre-1908 Egyptian firms. Columns 1 and 3 use the whole sample, 2 and 4 use the matched samples. Column 5 reports which variables best predict treatment (the British law dummy) in a multivariate setting. E£ denotes Egyptian pounds. The reported variables are used to calculate propensity scores. Standard errors for the balance tests (columns 1–4) are reported in parentheses and the standard errors from variable selection model are reported in brackets. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902.

Table 3: Comparison of Governance Rules

	British, pre-1904			British, 1905–07			Egyptian, pre-1904			Egyptian, 1905–07			Egyptian, post-1908			Belgian		
	Mean	SD	N	Mean	SD	N	Mean	SD	N	Mean	SD	N	Mean	SD	N	Mean	SD	N
Hilt's voting rights index	0.89	0.29	44	0.77	0.41	57	0.09	0.10	50	0.03	0.02	52	0.06	0.04	45	0.54	0.15	13
=1 if fixed voting scale with no ceiling	0.93	0.25	44	0.82	0.38	57	0.36	0.48	50	0.00	0.00	52	0.02	0.15	45	0.08	0.28	13
=1 if must own more than one share to vote	0.07	0.25	44	0.18	0.38	57	0.90	0.30	50	0.96	0.19	52	0.96	0.21	45	0.00	0.00	13
=1 if fixed number is quorum	0.93	0.25	44	0.68	0.47	57	0.16	0.37	50	0.35	0.48	52	0.11	0.32	45	0.15	0.38	13
=1 if more than 10% share capital needed to call EGM	0.23	0.42	44	0.19	0.40	57	0.82	0.39	50	0.44	0.50	52	0.22	0.42	45	1.00	0.00	13
Director qualification (% share capital owned)	2.45	8.62	39	0.82	2.84	54	1.29	1.16	50	0.99	0.94	52	2.96	4.36	45	1.05	1.26	13
No. years until first election	1.98	0.96	41	2.91	1.63	53	4.52	2.32	50	4.19	1.31	52	4.11	1.50	45	4.69	2.06	13
=1 if shareholders never elect full board	0.92	0.27	39	0.89	0.31	56	0.67	0.48	45	0.58	0.50	36	0.82	0.38	40	0.15	0.38	13
=1 if no annual rotation	0.00	0.00	41	0.02	0.13	56	0.27	0.45	49	0.23	0.43	52	0.20	0.40	45	0.31	0.48	13
=1 if unrestricted borrowing	0.93	0.25	44	0.93	0.26	57	0.34	0.48	50	0.69	0.47	52	0.29	0.46	45	0.62	0.51	13
=1 if directors receive fixed minimum pay	0.32	0.47	44	0.37	0.49	57	0.38	0.49	50	0.23	0.43	52	0.51	0.51	45	0.85	0.38	13
=1 if no full balance sheet	0.13	0.34	38	0.07	0.26	55	0.00	0.00	7	0.00	0.00	24	0.00	0.00	14	0.00	0.00	11
=1 if contents not mailed or published	0.20	0.41	44	0.04	0.19	57	0.14	0.35	50	0.46	0.50	52	0.24	0.43	45	0.62	0.51	13
No. days before GM contents available	5.32	3.01	38	7.30	2.51	47	11.43	5.56	7	12.12	3.33	25	14.53	9.43	15	17.50	5.84	12

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909.

Table 4: Results—Voting Rules, General Meetings

(a) British and Post-1908 Egyptian Corporations								
	Hilt's index		Fixed voting scale		Fixed quorum		EGM harder to call	
	(1) Full	(2) PSM	(3) Full	(4) PSM	(5) Full	(6) PSM	(7) Full	(8) PSM
=1 if Brit. law	0.56*** (0.085)	0.60*** (0.13)	0.79*** (0.078)	0.80*** (0.11)	0.50*** (0.11)	0.43*** (0.16)	0.052 (0.12)	0.095 (0.16)
Prop. Brit. found.	0.18 (0.12)	0.32* (0.20)	0.092 (0.12)	0.11 (0.18)	0.21 (0.15)	0.11 (0.24)	-0.15 (0.15)	-0.099 (0.22)
Prop. found. in Egypt	-0.14 (0.10)	0.067 (0.32)	-0.048 (0.085)	0.16 (0.29)	0.043 (0.12)	-0.17 (0.39)	-0.026 (0.14)	0.17 (0.31)
Log(Capital)	0.0040 (0.019)	-0.013 (0.069)	0.0056 (0.019)	-0.014 (0.064)	0.033 (0.024)	0.0070 (0.082)	-0.016 (0.032)	-0.00030 (0.076)
=1 if public	-0.021 (0.080)	0.16 (0.15)	-0.050 (0.072)	0.095 (0.13)	0.0056 (0.099)	-0.011 (0.20)	-0.070 (0.10)	-0.090 (0.17)
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	159	50	159	50	159	50	159	50
$R^2$	0.62	0.53	0.69	0.60	0.47	0.24	0.05	0.22
Mean dep. var.	0.59	0.50	0.62	0.60	0.57	0.52	0.23	0.24
Oster delta	0.52	3.12	0.58	2.36	0.32	0.76	-0.01	2.38

(b) British and Pre-1908 Egyptian Corporations								
	Hilt's index		Fixed voting scale		Fixed quorum		EGM harder to call	
	(1) Full	(2) PSM	(3) Full	(4) PSM	(5) Full	(6) PSM	(7) Full	(8) PSM
=1 if Brit. law	0.57*** (0.067)	0.60*** (0.075)	0.68*** (0.074)	0.53*** (0.094)	0.40*** (0.088)	0.56*** (0.095)	-0.37*** (0.090)	-0.49*** (0.11)
Prop. Brit. found.	0.045 (0.094)	0.31** (0.14)	0.021 (0.11)	0.021 (0.17)	0.034 (0.12)	0.051 (0.17)	-0.15 (0.13)	-0.0029 (0.18)
Prop. found. in Egypt	-0.29*** (0.079)	-0.062 (0.19)	-0.050 (0.087)	-0.094 (0.22)	-0.094 (0.097)	-0.30 (0.23)	-0.081 (0.096)	0.26 (0.23)
Log(Capital)	-0.0056 (0.012)	0.022 (0.034)	0.015 (0.019)	0.014 (0.041)	0.029 (0.018)	-0.0018 (0.042)	-0.024 (0.025)	0.038 (0.053)
=1 if public	-0.022 (0.041)	0.077 (0.087)	-0.070 (0.054)	0.041 (0.11)	0.054 (0.069)	-0.0039 (0.10)	0.079 (0.075)	-0.0051 (0.12)
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	229	88	229	88	229	88	229	88
$R^2$	0.68	0.62	0.54	0.42	0.36	0.37	0.23	0.27
Mean dep. var.	0.44	0.41	0.51	0.57	0.49	0.43	0.44	0.47
Oster delta	0.64	1.47	0.41	1.26	0.23	0.67	0.13	0.60

Note: The outcome variables are Hilt's voting rights index (columns 1–2), the unrestricted fixed voting scale dummy (columns 3–4), a dummy that indicates whether a fixed number of members formed a quorum (columns 5–6), and a dummy that indicates if calling an extraordinary general meeting required more than 20 percent of share capital (columns 7–8). Odd-numbered columns use the full sample, comparing British companies to post-1908 Egyptian firms (panel a) or to pre-1908 Egyptian firms (panel b). Even-numbered columns use the matched sample (denoted PSM), in Panel (a) and Panel (b), respectively. Oster delta denotes the statistic from testing the relative extent of observables and unobservables in generating selection bias. If  $\delta > 1$ , the results are robust. Standard errors robust to heteroskedasticity for the full sample and bootstrapped standard errors (estimated from 999 replications) for the matched sample are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909.



Table 5: Results—Board Rotation, Annual Contents

(a) British and Post-1908 Egyptian Corporations								
	Min. director remuneration		Full board never elected		Borrowing not restricted		Contents not sent	
	(1) Full	(2) PSM	(3) Full	(4) PSM	(5) Full	(6) PSM	(7) Full	(8) PSM
=1 if Brit. law	-0.035 (0.13)	-0.27 (0.19)	0.19* (0.11)	0.19 (0.17)	0.65*** (0.070)	0.68*** (0.14)	-0.14* (0.080)	-0.18 (0.16)
Prop. Brit. found.	-0.18 (0.17)	-0.12 (0.27)	-0.11 (0.15)	-0.35* (0.20)	-0.21** (0.088)	-0.12 (0.13)	-0.078 (0.12)	0.0056 (0.16)
Prop. found. in Egypt	-0.051 (0.15)	0.21 (0.50)	0.14 (0.15)	0.041 (0.49)	-0.16 (0.10)	-0.18 (0.23)	-0.27** (0.12)	-0.18 (0.34)
Log(Capital)	-0.040 (0.031)	-0.019 (0.093)	0.025 (0.027)	0.066 (0.067)	0.037 (0.024)	0.082 (0.057)	-0.015 (0.031)	-0.026 (0.060)
=1 if public	0.16 (0.11)	0.063 (0.22)	-0.0038 (0.076)	-0.090 (0.12)	-0.071 (0.057)	-0.15 (0.12)	-0.10 (0.073)	-0.059 (0.12)
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	159	50	147	48	159	50	159	50
R <sup>2</sup>	0.14	0.14	0.09	0.30	0.48	0.60	0.17	0.23
Mean dep. var.	0.42	0.52	0.86	0.85	0.75	0.78	0.16	0.12
Oster delta	0.02	-0.46	0.13	1.88	0.35	1.43	0.12	4.35
(b) British and Pre-1908 Egyptian Corporations								
	Min. director remuneration		Full board never elected		Borrowing not restricted		Contents not sent	
	(1) Full	(2) PSM	(3) Full	(4) PSM	(5) Full	(6) PSM	(7) Full	(8) PSM
=1 if Brit. law	0.14 (0.089)	0.10 (0.12)	0.30*** (0.069)	0.21** (0.096)	0.49*** (0.066)	0.60*** (0.086)	-0.32*** (0.061)	-0.22** (0.085)
Prop. Brit. found.	-0.22* (0.13)	-0.14 (0.23)	0.053 (0.11)	-0.057 (0.15)	-0.22* (0.12)	-0.20 (0.14)	0.0058 (0.11)	0.074 (0.14)
Prop. found. in Egypt	-0.15 (0.12)	-0.076 (0.28)	0.14 (0.11)	-0.033 (0.25)	-0.11 (0.10)	-0.0029 (0.21)	-0.26** (0.10)	-0.13 (0.23)
Log(Capital)	-0.039 (0.026)	-0.013 (0.053)	0.045* (0.024)	0.057 (0.044)	-0.011 (0.021)	0.055 (0.038)	-0.0000097 (0.024)	-0.0075 (0.046)
=1 if public	0.13* (0.079)	0.070 (0.14)	-0.050 (0.066)	-0.079 (0.096)	0.060 (0.065)	-0.073 (0.091)	-0.012 (0.064)	-0.045 (0.091)
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	229	88	201	82	229	88	229	88
R <sup>2</sup>	0.08	0.09	0.22	0.17	0.29	0.47	0.16	0.13
Mean dep. var.	0.35	0.41	0.75	0.80	0.72	0.69	0.22	0.15
Oster delta	-0.10	-0.30	0.18	0.56	0.21	0.96	0.27	-15.86

Note: The outcome variables are dummies indicating whether directors received a guaranteed minimum remuneration (columns 1–2), whether the board of directors was never fully elected (that is, board elections were staggered, including the first board; columns 3–4), whether directors had unlimited borrowing powers (columns 5–6), and whether the company required shareholders to pick up the annual financial information at the company's head office instead of mailing them to shareholders or publishing in a newspaper before the general meeting (columns 7–8). Odd-numbered columns use the full sample, comparing British companies to post-1908 Egyptian firms (panel a) or to pre-1908 Egyptian firms (panel b). Even-numbered columns use the matched sample, where British companies are matched to post-1908 or pre-1908 Egyptian firms, in Panel (a) and Panel (b), respectively. Oster delta denotes the statistic from testing the relative extent of observables and unobservables in generating selection bias. If  $\delta > 1$ , the results are robust. Standard errors robust to heteroskedasticity for the full sample and bootstrapped standard errors (estimated from 999 replications) for the matched sample are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909.

Table 6: Failure-Time Ratio Estimates by Choice of Law

	British Post-1908 Eg. Full (1)	British Post-1908 Eg. Matched (2)	British Pre-1908 Eg. Full (3)	British Pre-1908 Eg. Matched (4)	Matched over Founders (5)	Alive in 1907 Full (6)	Alive in 1907 Matched (7)
=1 if British law	0.16*** (0.06)	0.28*** (0.14)	0.14*** (0.04)	0.20*** (0.09)	0.22*** (0.11)	0.21*** (0.09)	0.31** (0.14)
=1 if public	2.12** (0.71)	0.98 (0.57)	2.06*** (0.50)	1.65 (0.63)	1.28 (0.60)	1.67 (0.61)	1.18 (0.42)
Prop. Brit. found.	6.33*** (3.30)	4.99*** (2.37)	2.47** (1.04)	5.68*** (3.23)	4.47** (2.74)	2.14 (1.46)	2.26 (1.59)
Prop. found. in Egypt	1.51 (0.78)	0.70 (0.66)	0.60 (0.21)	1.66 (1.70)	0.82 (1.13)	1.05 (0.49)	0.93 (0.81)
Log(Capital)	1.06 (0.12)	1.42 (0.49)	1.13 (0.09)	1.26 (0.25)	1.60** (0.30)	1.09 (0.13)	1.31** (0.17)
=1 if found. shares						0.73 (0.19)	0.63 (0.21)
Log(Firm age in Apr 1907)						1.09 (0.14)	1.10 (0.16)
$\gamma$	0.68*** (0.06)	0.47*** (0.10)	0.66*** (0.05)	0.73*** (0.08)	0.70*** (0.09)	0.71** (0.10)	0.56* (0.17)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	148	43	209	77	66	170	71
N Failures	111	34	133	46	39	61	25
Log-likelihood	-209	-47	-262	-96	-80	-148	-54

Note: The table reports estimated failure-time ratios from accelerated failure-time models with log-logistic survival functions, where duration is measured from firm entry up to 20 years (columns 1–5) or from the onset of the panic in April 1907 up to three years (columns 6–7). Column 1 reports on the full sample of British and post-1908 Egyptian firms; column 2 uses the matched sample after matching British firms to post-1908 Egyptian firms on propensity scores. Column 3 reports on the full sample of British and pre-1908 Egyptian (and Belgian) firms; column 4 uses the matched sample after matching British firms to pre-1908 Egyptian and Belgian firms on propensity scores. Column 5 reports on the alternative matched sample where Egyptian firms (pre-1908 or post-1908) with at least one repeat founder are matched to British firms with at least one repeat founder. Columns 6 and 7 use the full and matched samples of British and Egyptian (and Belgian) companies alive in April 1907.  $\gamma$  denotes the ancillary parameter of the log-logistic distribution. Robust standard errors are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table 7: Failure-Time Ratio Estimates by Governance Rules, Post-1908 Egyptian Firms

	Full Sample				Matched Sample							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hilt's voting rights index	0.42**						0.26**					
=1 fixed voting scale	(0.15)						(0.17)					
=1 if fixed quorum		0.35***						0.26***				
		(0.12)						(0.12)				
=1 if min. director pay			0.73						0.36**			
			(0.24)						(0.17)			
=1 if full board is never elected				0.95						0.66		
				(0.28)						(0.34)		
=1 if borrowing is not restricted					0.67						0.41	
					(0.30)						(0.33)	
=1 if public						0.45**						0.22***
						(0.17)						(0.11)
	1.57	1.56	1.56	1.50	1.27	1.57	1.30	1.49	1.12	1.15	0.89	1.02
	(0.60)	(0.57)	(0.61)	(0.59)	(0.51)	(0.59)	(0.55)	(0.58)	(0.59)	(0.66)	(0.52)	(0.41)
Prop. Brit. found.	3.18**	3.69***	2.47*	2.08	2.25	2.47*	6.60***	5.64**	5.64***	4.79**	3.82*	4.66***
	(1.66)	(1.80)	(1.29)	(1.12)	(1.16)	(1.22)	(4.57)	(4.01)	(3.00)	(3.01)	(2.75)	(2.78)
Prop. found. in Egypt	1.33	1.33	1.58	1.59	1.64	1.35	0.55	0.66	0.62	0.86	0.54	0.39
	(0.74)	(0.69)	(0.86)	(0.90)	(0.91)	(0.77)	(0.56)	(0.63)	(0.66)	(1.05)	(0.67)	(0.35)
Log(Capital)	1.01	1.02	0.98	0.97	0.97	1.04	0.99	0.93	0.95	0.97	1.04	1.13
	(0.11)	(0.11)	(0.11)	(0.11)	(0.12)	(0.13)	(0.19)	(0.15)	(0.19)	(0.23)	(0.28)	(0.22)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	148	148	148	148	136	148	43	43	43	43	41	43
N Failures	111	111	111	111	101	111	34	34	34	34	32	34
Log-likelihood	-222	-219	-225	-225	-206	-222	-61	-59	-62	-64	-61	-60

Note: The reported figures are estimated failure-time ratios from accelerated failure-time duration models with log-logistic survival functions. The outcome is duration since firm entry up to 20 years.  $\gamma$  denotes the ancillary parameter of the log-logistic distribution. Robust standard errors are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table 8: Failure-Time Ratio Estimates by Governance Rules, Pre-1908 Egyptian Firms

	Full Sample						Matched Sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hill's voting rights index	0.37*** (0.13)						0.31** (0.16)					
=1 fixed voting scale		0.47** (0.14)						0.48 (0.23)				
=1 if fixed quorum			0.81 (0.25)						0.54 (0.25)			
=1 if min. director pay				1.23 (0.31)						0.59 (0.28)		
=1 if full board is never elected					0.51** (0.15)						0.46 (0.24)	
=1 if borrowing is not restricted						0.44*** (0.11)						0.27*** (0.14)
=1 if public	2.20*** (0.60)	2.21*** (0.62)	2.37*** (0.69)	2.28*** (0.65)	1.98** (0.64)	2.49*** (0.72)	1.83 (0.91)	1.99 (1.01)	1.92 (0.96)	2.18 (1.14)	1.71 (0.93)	1.55 (0.76)
Prop. Brit. found.	0.84 (0.36)	0.81 (0.33)	0.57 (0.24)	0.53 (0.22)	0.82 (0.35)	0.57 (0.23)	5.56** (3.79)	4.46** (2.98)	4.00** (2.61)	3.74* (2.58)	4.71** (3.40)	3.54** (2.18)
Prop. found. in Egypt	0.53 (0.23)	0.65 (0.26)	0.75 (0.31)	0.82 (0.34)	0.81 (0.36)	0.66 (0.27)	1.61 (2.00)	1.91 (2.15)	1.70 (2.04)	2.44 (2.26)	2.14 (2.67)	1.88 (2.06)
Log(Capital)	1.11 (0.09)	1.11 (0.10)	1.12 (0.10)	1.12 (0.09)	1.09 (0.10)	1.10 (0.10)	1.24 (0.28)	1.21 (0.26)	1.19 (0.26)	1.20 (0.26)	1.24 (0.28)	1.32 (0.30)
$\gamma$	0.75*** (0.06)	0.76*** (0.05)	0.78*** (0.05)	0.78*** (0.06)	0.77*** (0.05)	0.76*** (0.05)	0.88 (0.08)	0.90 (0.08)	0.91 (0.08)	0.91 (0.09)	0.91 (0.10)	0.87 (0.08)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	209	209	209	209	181	209	77	77	77	77	71	77
N Failures	133	133	133	133	117	133	46	46	46	46	43	46
Log-likelihood	-281	-282	-286	-286	-248	-281	-106	-108	-109	-109	-101	-106

Note: The reported figures are estimated failure-time ratios from accelerated failure-time duration models with log-logistic survival functions. The outcome is duration since firm entry up to 20 years.  $\gamma$  denotes the ancillary parameter of the log-logistic distribution. Robust standard errors are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .  
Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table 9: Dividend Payouts—Public Corporations, 1901–11

	Full Sample						Matched Sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hilt Index	-0.12 (0.11)						-0.18 (0.20)					
=1 if fixed voting scale		-0.17* (0.096)						0.036 (0.12)				
=1 if fixed quorum			-0.049 (0.070)						-0.26* (0.15)			
=1 if min. director pay				0.020 (0.089)						-0.14 (0.14)		
=1 if full board is never elected					-0.035 (0.10)						-0.011 (0.13)	
=1 if borrowing is not restricted						0.039 (0.097)						0.042 (0.10)
=1 if listed on London	0.025 (0.12)	0.057 (0.13)	0.017 (0.12)	0.011 (0.12)	-0.055 (0.14)	0.0033 (0.12)	-0.28 (0.17)	-0.35* (0.17)	-0.17 (0.21)	-0.38** (0.17)	-0.41** (0.16)	-0.34** (0.16)
=1 if issued found. shares	-0.039 (0.078)	-0.071 (0.090)	-0.033 (0.073)	-0.032 (0.075)	-0.013 (0.10)	-0.039 (0.072)	0.12 (0.090)	0.14 (0.12)	0.18* (0.090)	0.11 (0.083)	0.093 (0.11)	0.10 (0.094)
Prop. Brit. found.	-0.030 (0.15)	0.00032 (0.14)	-0.054 (0.15)	-0.080 (0.14)	-0.012 (0.15)	-0.086 (0.15)	-0.044 (0.30)	-0.12 (0.27)	-0.038 (0.27)	0.0031 (0.25)	0.091 (0.25)	-0.12 (0.27)
Prop. found. in Egypt	0.34*** (0.12)	0.40*** (0.11)	0.38*** (0.11)	0.40*** (0.11)	0.41*** (0.11)	0.42*** (0.10)	0.30 (0.34)	0.51** (0.24)	0.31 (0.23)	0.52** (0.21)	0.46* (0.24)	0.50** (0.23)
Log(paid capital)	-0.0015 (0.038)	0.0041 (0.037)	0.0071 (0.038)	0.0013 (0.038)	-0.029 (0.044)	0.0054 (0.041)	0.14 (0.080)	0.15** (0.071)	0.11 (0.095)	0.17** (0.069)	0.12 (0.076)	0.16** (0.071)
Log(firm age)	0.19*** (0.048)	0.21*** (0.041)	0.19*** (0.044)	0.20*** (0.042)	0.22*** (0.042)	0.21*** (0.044)	0.11 (0.069)	0.12* (0.069)	0.11 (0.070)	0.11* (0.064)	0.15** (0.065)	0.12* (0.065)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N Firms	71	71	71	71	58	71	29	29	29	29	26	29
Obs	438	438	438	438	354	438	196	196	196	196	176	196
R <sup>2</sup>	0.34	0.35	0.34	0.34	0.38	0.34	0.48	0.47	0.49	0.48	0.50	0.47
Mean dep. var.	0.63	0.63	0.63	0.63	0.63	0.63	0.73	0.73	0.73	0.73	0.73	0.73

Note: The outcome variable is whether firm  $i$  paid dividends in year  $t$ . Columns 1 through 6 use the sample of public corporations; columns 7 through 12 use the matched sample where British public corporations are matched to Egyptian (and Belgian) public corporations on propensity scores. Standard errors are clustered at the firm level and reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table 10: Dividend Payouts—All Corporations, 1908–11

	Full Sample						Matched Sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hilt Index	-0.29** (0.11)						-0.38* (0.19)					
=1 if fixed voting scale		-0.20** (0.098)						-0.35*** (0.12)				
=1 if fixed quorum			-0.14 (0.090)						-0.31** (0.15)			
=1 if min. director pay				0.035 (0.079)						0.093 (0.15)		
=1 if full board is never elected					-0.053 (0.097)						-0.089 (0.15)	
=1 if borrowing is not restricted						-0.036 (0.084)						-0.23* (0.13)
=1 if publicly traded	0.16* (0.081)	0.14* (0.080)	0.14* (0.082)	0.14 (0.086)	0.12 (0.094)	0.13 (0.080)	0.16 (0.15)	0.12 (0.14)	0.16 (0.15)	0.16 (0.16)	0.20 (0.16)	0.14 (0.14)
=1 if issued found. shares	-0.19*** (0.073)	-0.23*** (0.077)	-0.19** (0.074)	-0.20*** (0.074)	-0.27*** (0.092)	-0.20*** (0.074)	-0.069 (0.12)	-0.18 (0.14)	-0.0084 (0.12)	-0.069 (0.13)	-0.24 (0.15)	-0.010 (0.13)
Prop. Brit. found.	-0.11 (0.14)	-0.13 (0.14)	-0.14 (0.14)	-0.22 (0.13)	-0.16 (0.13)	-0.21 (0.13)	-0.10 (0.27)	-0.16 (0.23)	-0.21 (0.24)	-0.30 (0.23)	-0.096 (0.24)	-0.28 (0.22)
Prop. found. in Egypt	0.10 (0.12)	0.22* (0.12)	0.21* (0.12)	0.24* (0.12)	0.19 (0.14)	0.23* (0.13)	-0.18 (0.34)	-0.087 (0.28)	-0.14 (0.34)	0.12 (0.30)	0.31 (0.28)	0.12 (0.30)
Log(paid capital)	-0.061* (0.032)	-0.047 (0.031)	-0.039 (0.030)	-0.052 (0.032)	-0.076** (0.036)	-0.050 (0.032)	-0.026 (0.054)	0.012 (0.050)	-0.029 (0.053)	-0.024 (0.064)	-0.024 (0.061)	-0.015 (0.054)
Log(firm age)	0.18*** (0.043)	0.21*** (0.042)	0.18*** (0.043)	0.19*** (0.042)	0.20*** (0.041)	0.18*** (0.042)	0.21** (0.080)	0.25*** (0.075)	0.19** (0.080)	0.21*** (0.075)	0.22*** (0.076)	0.20*** (0.070)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N Firms	108	108	108	108	88	108	40	40	40	40	36	40
Obs	399	399	399	399	321	399	152	152	152	152	136	152
R <sup>2</sup>	0.31	0.31	0.30	0.29	0.34	0.29	0.37	0.39	0.37	0.33	0.38	0.37
Mean dep. var.	0.47	0.47	0.47	0.47	0.47	0.47	0.53	0.53	0.53	0.53	0.53	0.53

Note: The outcome variable is whether firm  $i$  paid dividends in year  $t$ . Columns 1 through 6 use the sample of all corporations alive at the beginning of 1908; columns 7 through 12 use the matched sample where British public corporations are matched to Egyptian public corporations on propensity scores. Standard errors are clustered at the firm level and reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table 11: Market-to-Book Value, Upper Bound—Public Corporations, 1901–11

	Full Sample						Matched Sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hilt Index	0.040 (0.60)						-1.90** (0.85)					
=1 if fixed voting scale		-0.47 (0.50)						-2.25* (1.12)				
=1 if fixed quorum			-0.39 (0.24)						-1.48** (0.71)			
=1 if min. director pay				-0.18 (0.22)						-0.54 (0.54)		
=1 if full board is never elected					-0.56 (0.60)						-2.09** (0.94)	
=1 if borrowing is not restricted						-0.68* (0.38)						-1.35** (0.49)
=1 if listed on London	-0.12 (0.43)	0.042 (0.39)	-0.0075 (0.42)	-0.13 (0.43)	0.12 (0.54)	-0.030 (0.40)	-0.060 (0.77)	-0.097 (0.81)	0.18 (0.82)	-0.58 (0.83)	-0.53 (0.97)	-0.27 (0.78)
=1 if issued found. shares	0.54 (0.59)	0.40 (0.53)	0.45 (0.58)	0.53 (0.59)	0.44 (0.50)	0.67 (0.58)	1.13 (0.73)	-0.62 (1.01)	1.41* (0.79)	1.23 (0.78)	-0.028 (0.65)	1.60** (0.60)
Prop. Brit. found.	1.00 (0.83)	1.20 (0.86)	1.07 (0.78)	1.05 (0.79)	1.01 (0.81)	1.11 (0.76)	4.21** (1.64)	2.95** (1.35)	4.11** (1.68)	4.01** (1.61)	4.11** (1.65)	3.53*** (1.24)
Prop. found. in Egypt	0.93 (0.68)	0.89 (0.58)	0.63 (0.56)	0.96 (0.62)	1.00 (0.60)	0.50 (0.55)	-2.61 (1.76)	-2.44 (1.50)	-1.67 (1.36)	-0.015 (1.76)	-2.46 (1.58)	-0.35 (1.52)
Log(paid capital)	-0.080 (0.18)	-0.063 (0.18)	-0.043 (0.17)	-0.085 (0.17)	0.000027 (0.20)	-0.13 (0.16)	-0.82** (0.39)	-0.18 (0.38)	-0.91** (0.40)	-0.64 (0.44)	-0.65* (0.36)	-0.63* (0.32)
Log(firm age)	0.33 (0.27)	0.34 (0.26)	0.25 (0.25)	0.32 (0.26)	0.32 (0.27)	0.25 (0.25)	0.93** (0.41)	0.60 (0.39)	1.03** (0.41)	1.07** (0.43)	0.96*** (0.29)	0.84** (0.36)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N Firms	64	64	64	64	54	64	25	25	25	25	23	25
Obs	251	251	251	251	207	251	121	121	121	121	110	121
R <sup>2</sup>	0.38	0.39	0.39	0.38	0.38	0.41	0.56	0.58	0.56	0.54	0.60	0.61
Mean dep. var.	1.86	1.86	1.86	1.86	1.86	1.86	2.27	2.27	2.27	2.27	2.27	2.27

Note: The outcome variable is the ratio of the highest quoted price of ordinary shares (or equivalent) over the par (paid-in) value of ordinary shares of firm  $i$  in year  $t$ . Columns 1 through 6 use the sample of public corporations; columns 7 through 12 use the matched sample where British public corporations are matched to Egyptian or Belgian public corporations on propensity scores. Standard errors are clustered at the firm level and reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table 12: Market-to-Book Value, Lower Bound—Public Corporations, 1901–11

	Full Sample						Matched Sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hilt Index	-0.25 (0.42)						-1.72** (0.62)					
=1 if fixed voting scale		-0.61* (0.34)						-2.19** (0.88)				
=1 if fixed quorum			-0.20 (0.17)						-1.49*** (0.50)			
=1 if min. director pay				-0.013 (0.14)						0.043 (0.41)		
=1 if full board is never elected					-0.39 (0.42)						-1.44** (0.66)	
=1 if borrowing is not restricted						-0.50* (0.28)						-1.05*** (0.33)
=1 if listed on London	-0.12 (0.31)	0.018 (0.26)	-0.13 (0.28)	-0.18 (0.28)	-0.100 (0.35)	-0.12 (0.27)	0.086 (0.56)	0.081 (0.60)	0.37 (0.59)	-0.33 (0.60)	-0.35 (0.68)	-0.14 (0.54)
=1 if issued found. shares	0.24 (0.41)	0.086 (0.37)	0.22 (0.41)	0.26 (0.42)	0.23 (0.34)	0.36 (0.41)	0.86 (0.54)	-0.85 (0.81)	1.13* (0.58)	1.03* (0.58)	0.13 (0.41)	1.26** (0.47)
Prop. Brit. found.	0.40 (0.58)	0.57 (0.59)	0.35 (0.54)	0.32 (0.54)	0.36 (0.56)	0.39 (0.53)	2.38** (1.06)	1.19 (0.86)	2.34** (1.11)	1.75 (1.12)	2.08** (0.92)	1.77** (0.81)
Prop. found. in Egypt	0.42 (0.44)	0.55 (0.41)	0.43 (0.42)	0.57 (0.43)	0.71 (0.43)	0.27 (0.38)	-2.34 (1.43)	-2.32** (1.05)	-1.60 (1.09)	-0.43 (1.32)	-1.94 (1.25)	-0.30 (1.28)
Log(paid capital)	-0.085 (0.13)	-0.056 (0.12)	-0.061 (0.13)	-0.080 (0.13)	-0.044 (0.15)	-0.12 (0.12)	-0.72** (0.33)	-0.097 (0.28)	-0.81** (0.33)	-0.63* (0.36)	-0.60* (0.31)	-0.55** (0.27)
Log(firm age)	0.32* (0.18)	0.38** (0.17)	0.32* (0.17)	0.35* (0.18)	0.34* (0.19)	0.31* (0.17)	0.88*** (0.31)	0.55** (0.24)	0.96*** (0.31)	1.01*** (0.33)	0.93*** (0.22)	0.83*** (0.27)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N Firms	64	64	64	64	54	64	25	25	25	25	23	25
Obs	251	251	251	251	207	251	121	121	121	121	110	121
$R^2$	0.45	0.48	0.45	0.45	0.42	0.47	0.57	0.63	0.58	0.53	0.60	0.62
Mean dep. var.	1.31	1.31	1.31	1.31	1.31	1.31	1.58	1.58	1.58	1.58	1.58	1.58

Note: The outcome variable is the ratio of the lowest quoted price of ordinary shares (or equivalent) over the par (paid-in) value of ordinary shares of firm  $i$  in year  $t$ . Columns 1 through 6 use the sample of public corporations; columns 7 through 12 use the matched sample where British public corporations are matched to Egyptian or Belgian public corporations on propensity scores. Standard errors are clustered at the firm level and reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.



Table 13: Growth of Paid Capital—All Corporations, 1908–11

	(1)	(2)	(3)	(4)	(5)	(6)
Hilt's voting rights index	-0.18*					
	(0.10)					
=1 if fixed quorum		0.092				
		(0.071)				
=1 if min. director pay			-0.18**			
			(0.083)			
=1 if full board is never elected				-0.11		
				(0.069)		
=1 if EGM is harder to call					-0.077	
					(0.063)	
=1 if contents not sent or published						-0.16**
						(0.073)
=1 if public	0.010	0.034	-0.0034	0.014	0.015	-0.039
	(0.073)	(0.073)	(0.043)	(0.083)	(0.071)	(0.064)
Prop. Brit. found.	0.071	0.077	-0.024	0.080	0.030	-0.058
	(0.074)	(0.071)	(0.061)	(0.064)	(0.067)	(0.051)
Prop. found. in Egypt	-0.36**	-0.37**	-0.40***	-0.27*	-0.35**	-0.37**
	(0.16)	(0.18)	(0.14)	(0.14)	(0.16)	(0.14)
Log(nominal capital)	-0.016	-0.029	-0.016	-0.033	-0.022	-0.0035
	(0.019)	(0.022)	(0.017)	(0.023)	(0.020)	(0.019)
Log(firm age)	-0.21	-0.23	-0.30*	-0.25	-0.23	-0.19
	(0.13)	(0.14)	(0.16)	(0.15)	(0.14)	(0.11)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
N Firms	26	26	26	24	26	26
Obs	64	64	64	59	64	64
$R^2$	0.25	0.24	0.29	0.24	0.24	0.27
Mean dep. var.	0.07	0.07	0.07	0.07	0.07	0.07

Note: The outcome variable is the ratio of the lowest quoted price of ordinary shares (or equivalent) over the par (paid-in) value of ordinary shares of firm  $i$  in year  $t$ . Columns 1 through 6 use the sample of public corporations; columns 7 through 12 use the matched sample where British public corporations are matched to Egyptian or Belgian public corporations on propensity scores. Standard errors are clustered at the firm level and reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table 14: Growth of Paid Capital—Public Corporations, 1902–06

	(1)	(2)	(3)	(4)	(5)	(6)
Hilt's voting rights index	0.053 (0.14)					
=1 if fixed quorum		0.076 (0.058)				
=1 if min. director pay			0.058 (0.074)			
=1 if full board is never elected				-0.12 (0.082)		
=1 if EGM is harder to call					-0.069 (0.061)	
=1 if contents not sent or published						-0.057 (0.069)
=1 if listed on London	-0.032 (0.087)	-0.045 (0.081)	-0.019 (0.094)	-0.012 (0.099)	-0.035 (0.090)	-0.041 (0.086)
Prop. Brit. found.	-0.20 (0.12)	-0.22** (0.11)	-0.18 (0.12)	-0.050 (0.15)	-0.22* (0.13)	-0.20 (0.12)
Prop. found. in Egypt	-0.19 (0.18)	-0.23* (0.12)	-0.24* (0.13)	-0.17 (0.13)	-0.21* (0.12)	-0.23* (0.13)
Log(nominal capital)	-0.082 (0.057)	-0.094* (0.054)	-0.084 (0.054)	-0.086 (0.064)	-0.084 (0.055)	-0.080 (0.051)
Log(firm age)	-0.035 (0.16)	-0.031 (0.16)	-0.046 (0.16)	-0.050 (0.18)	0.0019 (0.16)	-0.025 (0.16)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
N Firms	50	50	50	39	50	50
Obs	164	164	164	128	164	164
$R^2$	0.16	0.17	0.17	0.20	0.17	0.17
Mean dep. var.	0.09	0.09	0.09	0.09	0.09	0.09

Note: The outcome variable is the ratio of the lowest quoted price of ordinary shares (or equivalent) over the par (paid-in) value of ordinary shares of firm  $i$  in year  $t$ . Columns 1 through 6 use the sample of public corporations; columns 7 through 12 use the matched sample where British public corporations are matched to Egyptian or Belgian public corporations on propensity scores. Standard errors are clustered at the firm level and reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

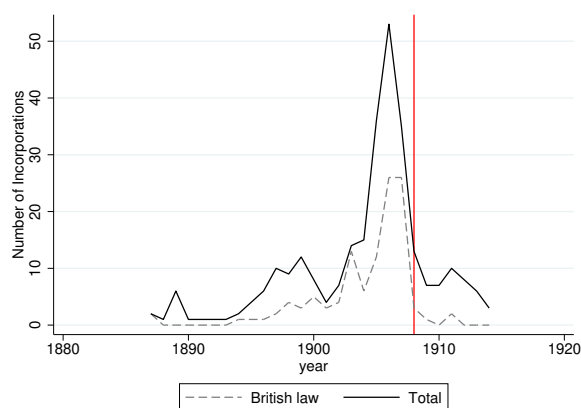


Figure 1: New Corporations by Legal Regime, 1887–1914

Note: The vertical red line indicates 1908, when the Mixed Court of Appeals of Alexandria repealed the option to incorporate under British law.

Source: Annuaire de la finance 1907, TNA BT 31, Journal Officiel 1887–1914, Recueil 1897–1909.

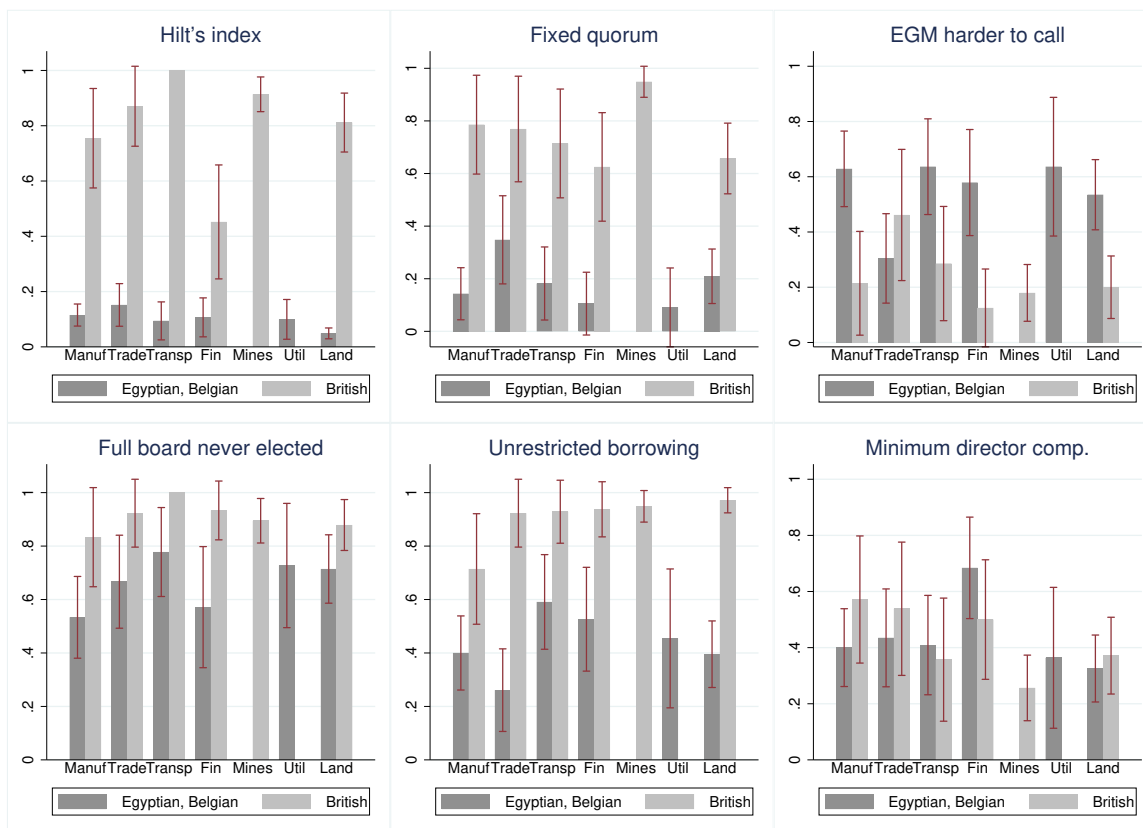


Figure 2: Governance Rules by Industry and Legal Tradition

Note: The graph plots the means of governance rules by company law and selected industry categories. The bars indicate 90 percent confidence intervals. The Egyptian mining and British utilities are not plotted as they had too few observations.

Source: TNA BT 31, Journal Officiel 1887–1914, Recueil 1897–1909.

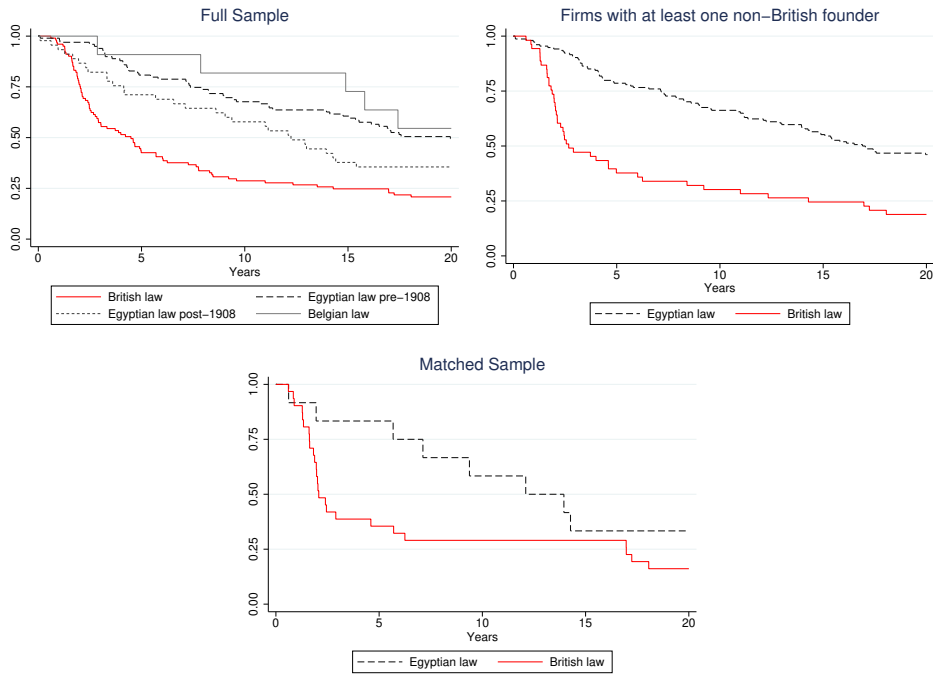


Figure 3: Kaplan-Meier Survival Estimates

Note: The graphs plot estimated survival since firm entry. The matched sample is PSM1, where post-1908 Egyptian companies are propensity-score matched to British companies.

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette Tribunaux des Mixtes 1911–21, Journal Tribunaux des Mixtes 1921–49, Egyptian Directory 1908–11, 1912–25, Statistique des sociétés anonymes 1911, 1925–40.

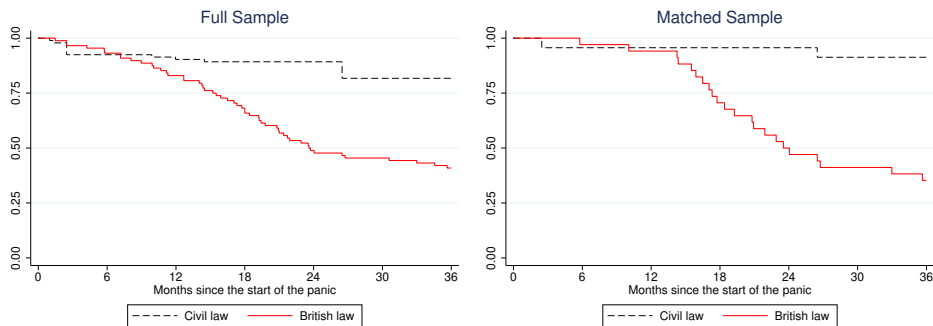


Figure 4: Kaplan-Meier Survival Estimates during the Panic of 1907

Note: The graphs plot estimated survival since April 1907. The matched sample is PSM2, restricted to companies alive in April 1907.  
 Source: TNA BT 31, Journal Officiel 1887–1914, Gazette Tribunaux des Mixtes 1911–21, Journal Tribunaux des Mixtes 1921–49, Egyptian Directory 1908–11, 1912–25, Statistique des sociétés anonymes 1911, 1925–40.

# Appendix for Online Publication

## Additional Figures and Balance Tables

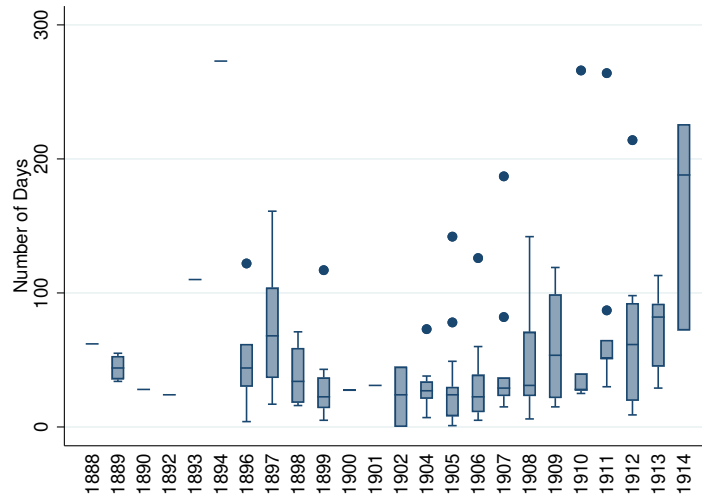


Figure A.1: Delay between Filing and Authorization

Note: Delay describes the number of days between the date the incorporators signed the incorporation contract and the date the authorization decree was granted.

Source: Journal Officiel 1887–1914, Bulletin 1881–1902.

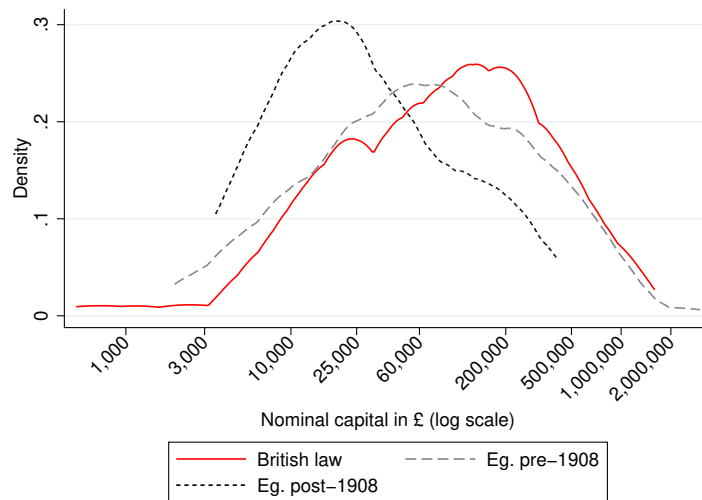


Figure A.2: Distribution of Nominal Capital

Note: This figure shows the distribution of nominal capitalization over three categories. The pre-1908 Egyptian sample is made up of companies registered under Egyptian law in 1907 or earlier. The post-1908 sample spans companies founded in 1908 or later, up to 1914 (inclusive).

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902.

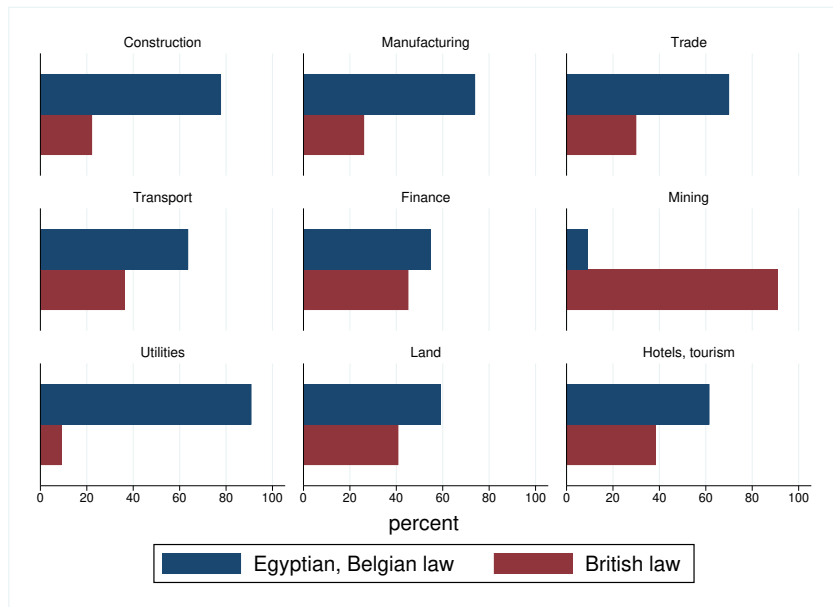


Figure A.3: Legal Distribution by Industry

Note: Industry groups are slightly modified from the official classification of the *Statistique des sociétés anonymes* using NAICS categories. Manufacturing includes cotton ginners since these establishments were organized as factories in Egypt. Trade includes wholesalers and retailers. Transport includes railroads, steamships, canals, support activities such as stevedoring, and warehousing. Finance includes commercial banks, mortgage banks, non-depository credit institutions, and insurance companies. Mining includes all kinds of mining, quarrying, and oilfields. Utilities include irrigation, water companies, and power plants. The total sample size in each group is the following: Construction = 9, Manufacturing = 46, Trade = 30, Transport = 33, Finance = 31, Mining = 33, Utilities = 11, Land = 71, Hotels = 13.

Source: TNA BT 31, Journal Officiel 1887–1914.

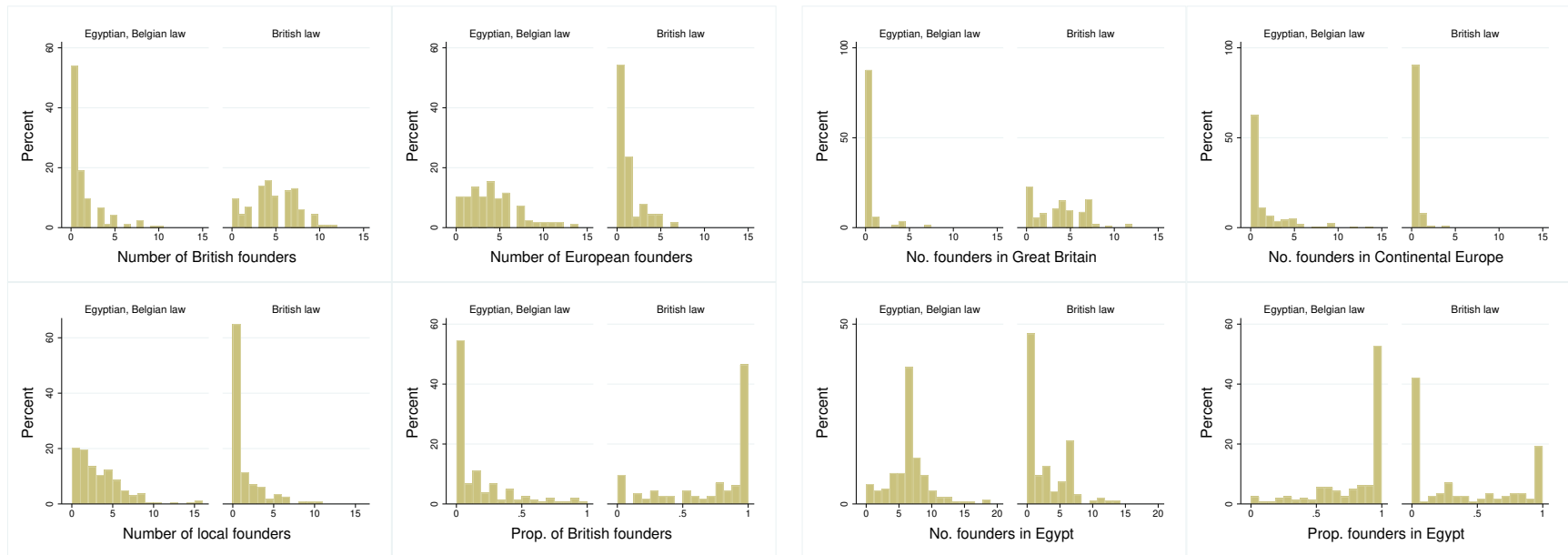


Figure A.4: Founder Composition by Legal Regime

Note: British founders include British nationals or individuals with English names. This category also includes Maltese founders, who were British subjects. European founders include individuals reported as a French, Belgian, Swiss, German, Italian, or Austrian national or, if not, had a clearly French, German, or Italian name. Local founders include individuals with Arabic, Coptic, Levantine Christian, Greek, Armenian, Jewish, or Turkish names. Greeks were categorized as local because it was impossible to distinguish subjects of Greece from Greek natives of Egypt. French charters refer to companies that incorporated under Egyptian law.

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Indicateur égyptien administratif et commercial 1897, 1902, 1904, 1907, Egyptian Directory 1908–12.

## Choice of Governance Rules: Alternative Matched Samples

This Appendix section shows balance tables for alternative samples and estimates model 2 in those samples. Table A.1 compares British to post-1908 and pre-1908 Egyptian firms after using entropy balancing weights based on the first moments of the variables recommended by the variable selection model, except that the post-1908 balancing excludes the sterling pound dummy to achieve balance in other variables. Firms with only British founders are dropped before entropy balancing. Columns 1 and 3 report for the full samples, columns 2 and 4 use the entropy balance weighted samples. Columns 5 and 6 report balance tests for the alternative matched sample over firms with at least one repeated founder. Repeat founders describe founders who appeared in at least on British company and one Egyptian company. In the matched sample, British firms with at least one repeat founder are matched to the five nearest Egyptian firm with at least one repeated founder. Standard errors of balance tests are reported in parentheses.

Table A.2 report the results after removing British firms with only British founders and applying entropy balancing weights. The entropy balancing procedure matches the first moments of the variables picked by the model selection algorithm between British and Egyptian firms (pre-1908 or post-1908, as indicated). Table A.3 reports results for firms that were acquired by another (British or Egyptian) company, or were reconstituted as a new (Egyptian) company. Table A.4 reports results for an alternative matched sample, where Egyptian firms are matched to the nearest British firm using propensity scores after dropping every firm without a founder that appeared at least in one British and one Egyptian firm. The relevant governance outcome variables are described under each table. Higher scores indicate weaker shareholder protection.

In each regression, the outcome variables are Hilt's voting rights index, and dummies indicating whether the company adopted a fixed voting scale (e.g., one share one vote) with no cap on maximum votes, whether a fixed number of members formed a quorum, whether calling an extraordinary general meeting required more than 20 percent of share capital, whether directors received a fixed guaranteed minimum remuneration, whether the board of directors was never fully elected (that is, board elections were staggered, including the first board), whether directors had unlimited borrowing powers, and whether the company required shareholders to pick up the annual financial information at the company's head office instead of mailing them to shareholders or publishing in a newspaper before the general meeting.



Table A.1: Entropy Balancing, and PS Matching with Repeat Founders

	British–Post-1908 Egyptian Diff		British–Pre-1908 Egyptian Diff		Repeat Founders	
	Full Sample (1)	EB Weighted (2)	Full Sample (3)	EB Weighted (4)	Full Sample (5)	Matched Sample (6)
Prop. Brit. found.	0.590*** (0.000)	0.000 (1.000)	0.558*** (0.000)	0.000 (1.000)	0.407*** (0.000)	0.125* (0.070)
Prop. local found.	-0.161*** (0.000)	0.185*** (0.000)	-0.238*** (0.000)	-0.050 (0.203)	-0.187*** (0.000)	-0.118* (0.086)
Prop. found. in Britain	0.555*** (0.000)	0.000 (1.000)	0.549*** (0.000)	0.000 (1.000)	0.334*** (0.000)	0.083** (0.034)
Prop. found. in Egypt	-0.424*** (0.000)	0.129** (0.033)	-0.416*** (0.000)	-0.011 (0.806)	-0.253*** (0.000)	-0.082* (0.073)
Nominal capital (log £)	1.057*** (0.000)	0.000 (1.000)	0.215 (0.285)	0.000 (1.000)	0.835*** (0.000)	0.276 (0.336)
=1 if quoted in E£	-0.500*** (0.000)	-0.656*** (0.000)	-0.407*** (0.000)	-0.000 (1.000)	-0.386*** (0.000)	0.000
=1 if quoted in £	0.583*** (0.000)	0.755*** (0.000)	0.585*** (0.000)	0.000 (1.000)	0.544*** (0.000)	0.000
=1 if quoted in Fr	-0.083*** (0.002)	-0.099** (0.018)	-0.178*** (0.000)	-0.000 (1.000)	-0.158*** (0.001)	0.000
=1 if family firm	-0.017 (0.646)	-0.579*** (0.000)	0.011 (0.666)	-0.034 (0.302)	0.000 (1.000)	0.002 (0.956)
=1 if ever public	0.238*** (0.002)	0.266*** (0.003)	-0.115* (0.076)	0.071 (0.342)	0.035 (0.666)	0.041 (0.726)
Construction	-0.065** (0.048)	-0.009 (0.815)	-0.007 (0.703)	0.026 (0.207)	-0.009 (0.786)	0.029 (0.517)
Manufacturing	-0.014 (0.782)	0.073* (0.069)	-0.156*** (0.002)	-0.054 (0.251)	-0.123** (0.035)	-0.119 (0.140)
Trade	-0.148*** (0.010)	0.041 (0.381)	-0.004 (0.920)	0.007 (0.857)	-0.018 (0.695)	0.004 (0.937)
Transport	0.046 (0.370)	-0.496*** (0.000)	-0.053 (0.244)	-0.227*** (0.000)	0.000 (1.000)	-0.017 (0.821)
Finance	0.001 (0.984)	0.045 (0.507)	0.024 (0.562)	-0.005 (0.924)	0.088 (0.134)	0.041 (0.653)
Mining	0.211*** (0.002)	0.065* (0.059)	0.244*** (0.000)	0.059** (0.036)	0.044* (0.074)	0.029 (0.517)
Utilities	-0.024 (0.385)	0.013 (0.492)	-0.058** (0.040)	-0.032 (0.230)	-0.061 (0.108)	-0.100** (0.049)
Land	-0.030 (0.694)	0.237*** (0.005)	0.024 (0.677)	0.183*** (0.008)	0.061 (0.416)	0.051 (0.636)
Hotels, tourism	0.024 (0.465)	0.031 (0.385)	-0.014 (0.630)	0.043* (0.080)	0.018 (0.588)	0.081* (0.068)
Obs. Egyptian	48	47	118	118	114	31
Obs. British	111	61	111	61	57	37
Observations	159	108	229	179	171	68

Note: Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ . Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902.

Table A.2: Determinants of Governance Rules—Entropy Balance Weighted Samples

(a) British and Post-1908 Egyptian Corporations								
	Hilt's index	Fixed voting scale	Fixed quorum	EGM harder to call	Min. renum.	Full board never elected	Borrowing not restricted	Contents not sent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
=1 if Brit. law	0.72*** (0.088)	0.86*** (0.064)	0.52*** (0.11)	-0.41** (0.16)	0.12 (0.17)	0.38*** (0.10)	0.79*** (0.097)	-0.29*** (0.10)
Prop. Brit. found.	-0.093 (0.18)	-0.0069 (0.13)	-0.027 (0.17)	0.19 (0.22)	-0.15 (0.25)	0.34** (0.15)	-0.26* (0.14)	-0.075 (0.17)
Prop. found. in Egypt	-0.33* (0.17)	-0.040 (0.099)	0.11 (0.13)	0.12 (0.24)	0.076 (0.26)	0.47*** (0.13)	-0.28* (0.15)	-0.12 (0.16)
Log(Capital)	0.0019 (0.041)	0.034 (0.040)	0.060 (0.052)	-0.021 (0.062)	-0.059 (0.063)	0.13** (0.056)	0.028 (0.038)	-0.038 (0.044)
=1 if public	-0.12 (0.13)	-0.066 (0.091)	-0.017 (0.12)	-0.19 (0.16)	0.13 (0.15)	-0.14 (0.092)	-0.20** (0.095)	-0.12 (0.098)
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	108	108	108	108	108	102	108	108
$R^2$	0.59	0.72	0.51	0.52	0.28	0.62	0.80	0.48
Mean dep. var.	0.45	0.55	0.50	0.23	0.46	0.75	0.77	0.17
Oster delta	0.09	0.75	1.70	1.52	0.32	-1.17	17.23	-1.07
(b) British and Pre-1908 Egyptian Corporations								
	Hilt's index	Fixed voting scale	Fixed quorum	EGM harder to call	Min. renum.	Full board never elected	Borrowing not restricted	Contents not sent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
=1 if Brit. law	0.62*** (0.065)	0.47*** (0.10)	0.57*** (0.079)	-0.56*** (0.092)	0.14 (0.10)	0.048 (0.067)	0.72*** (0.088)	-0.28** (0.12)
Prop. Brit. found.	0.11 (0.16)	0.11 (0.18)	-0.089 (0.19)	0.072 (0.21)	-0.16 (0.21)	-0.094 (0.15)	-0.25 (0.16)	0.075 (0.16)
Prop. found. in Egypt	-0.026 (0.16)	-0.083 (0.18)	-0.031 (0.20)	0.31* (0.18)	0.13 (0.24)	-0.080 (0.16)	0.11 (0.16)	0.061 (0.18)
Log(Capital)	-0.00023 (0.028)	0.038 (0.035)	0.0084 (0.032)	0.088** (0.042)	-0.020 (0.043)	0.048* (0.029)	0.032 (0.038)	0.015 (0.042)
=1 if public	0.065 (0.091)	-0.10 (0.10)	0.032 (0.10)	-0.15 (0.10)	0.15 (0.13)	-0.040 (0.067)	-0.096 (0.076)	0.075 (0.097)
Ind. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	179	179	179	179	179	157	179	179
$R^2$	0.62	0.45	0.44	0.50	0.23	0.19	0.64	0.24
Mean dep. var.	0.40	0.64	0.38	0.50	0.36	0.87	0.59	0.16
Oster delta	3.35	-1.61	2.28	2.23	-3.88	0.21	1.97	-0.47

Note: Standard errors robust to heteroskedasticity for the full sample and bootstrapped standard errors for the matched sample are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ . Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909.

Table A.3: Results—Acquisitions, Mergers, Reincorporations

	Hilt's index (1)	Fixed voting scale (2)	Fixed quorum (3)	EGM harder to call (4)	Min. dir. renum. (5)	Full board never elected (6)	Borrowing not restricted (7)	Contents not sent (8)
=1 if Brit. law	0.55*** (0.17)	0.60*** (0.22)	0.52** (0.22)	-0.27 (0.23)	-0.010 (0.26)	0.21 (0.21)	0.53** (0.21)	-0.25 (0.21)
Prop. Brit. found.	0.0058 (0.21)	-0.18 (0.40)	0.036 (0.61)	-0.49 (0.44)	-0.091 (0.57)	0.23 (0.56)	0.087 (0.46)	0.35 (0.41)
Prop. found. in Egypt	-0.51*** (0.17)	-0.23 (0.35)	0.33 (0.38)	-0.21 (0.40)	-0.12 (0.47)	0.43 (0.37)	-0.0039 (0.44)	0.39 (0.28)
Log(Capital)	0.015 (0.045)	0.077 (0.068)	0.086 (0.069)	-0.0028 (0.089)	-0.035 (0.098)	0.17** (0.067)	0.021 (0.080)	0.044 (0.082)
=1 if public	-0.0046 (0.081)	-0.050 (0.18)	0.13 (0.18)	-0.042 (0.20)	0.017 (0.24)	0.013 (0.19)	-0.012 (0.22)	0.082 (0.19)
Ind. controls	No	No	No	No	No	No	No	No
Obs	32	32	32	32	32	29	32	32
$R^2$	0.69	0.41	0.38	0.20	0.01	0.34	0.31	0.13
Mean dep. var.	0.34	0.53	0.41	0.50	0.44	0.72	0.56	0.19
Oster delta	0.96	0.44	0.47	0.16	0.00	0.32	0.26	-2.70

Note: Bootstrapped standard errors are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ . Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909. Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909.

Table A.4: Results—Repeat Founders

	Hilt's index		Fixed voting scale		Fixed quorum		EGM harder to call		Min. dir. renum.		Full board never elected		Borrowing not restricted		Contents not sent	
	(1) Full	(2) PSM	(3) Full	(4) PSM	(5) Full	(6) PSM	(7) Full	(8) PSM	(9) Full	(10) PSM	(11) Full	(12) PSM	(13) Full	(14) PSM	(15) Full	(16) PSM
=1 if Brit. law	0.63*** (0.074)	0.69*** (0.13)	0.76*** (0.079)	0.75*** (0.12)	0.38*** (0.11)	0.59*** (0.16)	-0.29*** (0.11)	-0.48*** (0.16)	0.051 (0.11)	0.054 (0.23)	0.44*** (0.091)	0.45*** (0.14)	0.55*** (0.088)	0.64*** (0.16)	-0.37*** (0.075)	-0.19 (0.14)
Prop. Brit. found.	0.037 (0.10)	0.071 (0.21)	0.088 (0.11)	-0.44** (0.21)	0.095 (0.15)	0.20 (0.28)	-0.18 (0.15)	0.18 (0.31)	-0.088 (0.17)	-0.54 (0.54)	0.034 (0.15)	-0.034 (0.29)	-0.28* (0.15)	-0.24 (0.31)	-0.14 (0.14)	-0.10 (0.19)
Prop. found. in Egypt	-0.29*** (0.11)	-0.11 (0.22)	-0.020 (0.092)	-0.33* (0.17)	0.066 (0.16)	-0.53 (0.43)	-0.20 (0.16)	0.28 (0.44)	0.061 (0.18)	-0.35 (0.70)	0.24 (0.15)	0.011 (0.34)	-0.20 (0.16)	-0.25 (0.28)	-0.37** (0.15)	-0.28 (0.38)
Log(Capital)	-0.0077 (0.015)	-0.027 (0.061)	0.0071 (0.023)	-0.032 (0.054)	0.049 (0.031)	-0.044 (0.092)	-0.019 (0.036)	0.14 (0.11)	0.0028 (0.040)	-0.094 (0.12)	-0.023 (0.036)	0.055 (0.078)	0.0053 (0.033)	0.066 (0.060)	0.033 (0.028)	0.036 (0.049)
=1 if public	-0.011 (0.048)	0.11 (0.14)	-0.0093 (0.062)	0.17 (0.14)	0.087 (0.085)	-0.100 (0.20)	0.038 (0.083)	0.10 (0.21)	0.027 (0.099)	-0.095 (0.30)	-0.011 (0.074)	-0.076 (0.20)	0.093 (0.082)	-0.16 (0.23)	0.0079 (0.071)	-0.18 (0.16)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Founder controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	171	77	171	77	171	77	171	77	171	77	146	70	171	77	171	77
$R^2$	0.72	0.86	0.68	0.88	0.37	0.71	0.32	0.65	0.21	0.48	0.36	0.70	0.35	0.72	0.36	0.69
Mean dep. var.	0.32	0.38	0.39	0.52	0.38	0.40	0.47	0.43	0.41	0.48	0.76	0.84	0.62	0.65	0.23	0.14
Oster delta	0.76	1.22	0.71	1.65	0.34	0.99	0.25	1.28	0.40	-1.81	0.62	2.05	0.36	0.90	0.91	1.13

Note: Odd-numbered columns report on the full sample (i.e. all companies with at least one repeat founder) and even-numbered columns report on the matched sample. Standard errors robust to heteroskedasticity for the full sample, and bootstrapped standard errors for the matched sample (PSM) are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ . Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909.

## Firm Survival: Alternative Samples and Robustness

This section reports the results of survival analysis for alternative samples. Each table reports failure-time ratio estimates from an accelerated failure-time model with log-logistic survival function. Table A.5 reports failure-time ratio estimates for Egyptian firms only, comparing the post-repeal corporations to pre-repeal corporations, showing that the higher frailty of post-1908 Egyptian companies was driven by their lower size and the fact that they were more likely to be private. Table A.6 reports the results for public firms, both the full sample and the subsample in which British public corporations are matched to the five nearest Egyptian public corporation on propensity scores. The first panel in Table A.7 reports the results for the alternative matched sample where Egyptian firms are matched to the nearest British firm after dropping companies without a founder who featured at least in one British and one Egyptian company. The second panel reports the results for the subsample of firms that lived for at least two years.

Table A.5: Failure-Time Ratio Estimates of Egyptian Firms

	(1)	(2)	(3)
=1 if founded after 1908	0.58* (0.16)	0.88 (0.27)	1.00 (0.32)
=1 if public		3.47*** (1.06)	2.80*** (0.92)
Prop. British founders		0.90 (0.45)	0.85 (0.40)
Prop. founders in Egypt		0.58 (0.36)	0.73 (0.47)
Log(capital)			1.21* (0.13)
$\gamma$	0.84* (0.08)	0.76** (0.09)	0.75** (0.09)
Industry controls	No	Yes	Yes
N	144	144	144
N Failures	79	79	79
Log-likelihood	-191	-178	-177

Note: The reported figures are estimated failure-time ratios from accelerated failure-time duration models with log-logistic survival functions. The outcome is duration since firm entry up to 20 years.  $\gamma$  denotes the ancillary parameter of the log-logistic distribution. Robust standard errors are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table A.6: Failure-Time Ratio Estimates by Governance Rules, Public Corporations

	Full Sample						Matched Sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hilt's voting rights index	0.25*** (0.13)							0.08*** (0.06)				
=1 fixed voting scale		0.30** (0.15)							0.15*** (0.08)			
=1 if fixed quorum			0.74 (0.42)							0.28* (0.18)		
=1 if min. director pay				0.54 (0.26)							0.27 (0.24)	
=1 if full board is never elected					0.32* (0.20)							0.10*** (0.08)
=1 if borrowing is not restricted						0.13*** (0.09)						0.09*** (0.07)
=1 if listed on LSE	3.43* (2.35)	3.71* (2.58)	4.99** (3.53)	3.89* (2.72)	3.59* (2.50)	4.29* (3.34)						
Prop. Brit. found.	0.69 (0.54)	0.78 (0.63)	0.29 (0.24)	0.30 (0.22)	0.73 (0.68)	0.26* (0.19)	8.79* (10.34)	5.79 (6.70)	3.18 (3.87)	8.48 (12.42)	12.36 (22.74)	1.83 (2.44)
Prop. found. in Egypt	0.62 (0.41)	1.08 (0.64)	0.93 (0.60)	0.76 (0.51)	1.48 (1.09)	0.51 (0.31)	0.18 (0.32)	0.20 (0.37)	0.26 (0.52)	0.45 (0.93)	0.42 (0.77)	0.93 (1.79)
Log(capital)	1.60* (0.40)	1.72* (0.50)	1.64* (0.43)	1.54* (0.38)	1.57 (0.48)	1.61* (0.40)	1.37 (0.41)	1.22 (0.47)	1.27 (0.41)	1.29 (0.47)	1.25 (0.54)	1.89* (0.67)
$\gamma$	0.87 (0.10)	0.87 (0.10)	0.93 (0.10)	0.92 (0.10)	0.90 (0.10)	0.84 (0.09)	0.83 (0.15)	0.87 (0.15)	1.02 (0.13)	1.02 (0.14)	0.93 (0.17)	0.87 (0.13)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	90	90	90	90	77	90	37	37	37	37	33	37
N Failures	39	39	39	39	36	39	19	19	19	19	17	19
Log-likelihood	-99	-99	-102	-102	-91	-95	-45	-47	-49	-50	-43	-45

Note: The reported figures are estimated failure-time ratios from accelerated failure-time duration models with log-logistic survival functions. The outcome is duration since firm entry up to 20 years.  $\gamma$  denotes the ancillary parameter of the log-logistic distribution. Robust standard errors are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table A.7: Failure-Time Ratio Estimates by Governance Rules, Alternative Samples

	Matched Sample: Repeat Founders						No Early Exits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hill's voting rights index	0.28**						0.51*					
	(0.17)						(0.19)					
=1 fixed voting scale		0.31**						0.69				
		(0.17)						(0.18)				
=1 if fixed quorum			0.61						1.01			
			(0.31)						(0.21)			
=1 if min. director pay				0.87						1.27		
				(0.36)						(0.23)		
=1 if full board is never elected					0.41*						0.76	
					(0.19)						(0.16)	
=1 if borrowing is not restricted						0.40*						0.72*
						(0.19)						(0.14)
=1 if public	1.45	1.51	1.42	1.32	1.00	1.38	1.91***	1.93***	1.95***	1.94***	1.77**	2.02***
	(0.69)	(0.71)	(0.71)	(0.66)	(0.56)	(0.66)	(0.44)	(0.45)	(0.46)	(0.45)	(0.47)	(0.47)
Prop. Brit. found.	4.88**	3.93*	3.85**	3.36*	3.64*	3.59**	0.97	0.87	0.71	0.73	0.82	0.74
	(3.44)	(2.77)	(2.45)	(2.25)	(2.65)	(2.25)	(0.32)	(0.26)	(0.20)	(0.19)	(0.24)	(0.20)
Prop. found. in Egypt	1.13	1.00	1.94	2.57	1.83	1.85	0.93	1.14	1.28	1.34	1.33	1.17
	(1.53)	(1.32)	(2.28)	(2.67)	(2.30)	(2.02)	(0.33)	(0.33)	(0.37)	(0.37)	(0.41)	(0.34)
Log(capital)	1.45*	1.45*	1.44*	1.46*	1.53**	1.59**	1.09	1.09	1.09	1.09	1.06	1.09
	(0.29)	(0.28)	(0.28)	(0.29)	(0.31)	(0.31)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
$\gamma$	0.83*	0.81*	0.87	0.87	0.85	0.84	0.61***	0.61***	0.62***	0.61***	0.64***	0.61***
	(0.08)	(0.09)	(0.10)	(0.10)	(0.10)	(0.09)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)	(0.04)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	66	66	66	66	59	66	223	223	223	223	196	223
N Failures	39	39	39	39	35	39	131	131	131	131	116	131
Log-likelihood	-88	-87	-90	-91	-81	-89	-258	-259	-261	-260	-235	-259

Note: The reported figures are estimated failure-time ratios from accelerated failure-time duration models with log-logistic survival functions. The outcome is duration since firm entry up to 20 years.  $\gamma$  denotes the ancillary parameter of the log-logistic distribution. Robust standard errors are reported in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.



## Dividends and Market Value: Alternative Samples

This section reports the results of estimating the annual likelihood of paying dividends and market-to-book values using entropy balancing reweighted samples. Table A.8 shows the results from estimating a linear probability model where the dependent variable is the probability of paying dividends each year. Table A.9 repeats this exercise for the post-1908 sample of public companies. Table A.10 shows the results from estimating a linear model where the dependent variable is either the upper bound or the lower bound of market-to-book value of corporation  $i$  in year  $t$ . Entropy balancing procedure matches the first moment of variables indicated by the model selection algorithm after dropping firms without any non-British founder. The entropy balancing procedure on public corporations also drops non-public corporations before balancing the first moments.

Table A.8: Dividend Payouts—Entropy Balancing Reweighted

	Public Corporations, 1901–11						Public and Private, 1907–11					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hilt Index	-0.41*** (0.15)						-0.27*** (0.10)					
=1 if fixed voting scale		-0.097 (0.12)						-0.24** (0.11)				
=1 if fixed quorum			-0.46*** (0.083)						-0.40*** (0.080)			
=1 if min. director pay				-0.16 (0.12)						0.039 (0.11)		
=1 if full board is never elected					-0.11 (0.14)						0.021 (0.12)	
=1 if borrowing is not restricted						-0.080 (0.12)						-0.22** (0.098)
=1 if listed on London	0.021 (0.13)	-0.027 (0.16)	0.100 (0.11)	-0.13 (0.15)	-0.048 (0.17)	-0.053 (0.15)						
=1 if publicly traded							0.21 (0.13)	0.16 (0.13)	0.24* (0.14)	0.20 (0.15)	0.27* (0.14)	0.20 (0.12)
=1 if issued found. shares	0.072 (0.073)	0.088 (0.13)	0.13** (0.063)	0.15** (0.070)	0.12 (0.084)	0.20** (0.096)	-0.057 (0.089)	-0.16 (0.12)	0.037 (0.068)	-0.0078 (0.084)	-0.062 (0.094)	0.079 (0.093)
Prop. Brit. found.	0.018 (0.19)	-0.21 (0.20)	-0.037 (0.18)	-0.083 (0.18)	-0.12 (0.23)	-0.16 (0.23)	0.034 (0.20)	-0.032 (0.19)	0.011 (0.16)	-0.10 (0.20)	-0.029 (0.21)	-0.067 (0.17)
Prop. found. in Egypt	0.15 (0.24)	0.22 (0.22)	0.11 (0.19)	0.31 (0.22)	0.36 (0.22)	0.28 (0.21)	0.12 (0.18)	0.065 (0.17)	-0.0075 (0.16)	0.20 (0.18)	0.33 (0.21)	0.15 (0.17)
Log(paid capital)	0.055 (0.042)	0.051 (0.045)	0.042 (0.040)	0.058 (0.052)	0.061 (0.055)	0.028 (0.057)	0.0064 (0.037)	0.025 (0.036)	-0.011 (0.034)	-0.0034 (0.039)	0.0079 (0.045)	-0.0033 (0.037)
Log(firm age)	0.13* (0.068)	0.21*** (0.059)	0.12* (0.059)	0.20*** (0.053)	0.20*** (0.055)	0.21*** (0.058)	0.24*** (0.065)	0.28*** (0.059)	0.19*** (0.065)	0.27*** (0.063)	0.26*** (0.068)	0.26*** (0.062)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N Firms	66	66	66	66	55	66	103	103	103	103	85	103
Obs	402	402	402	402	335	402	380	380	380	380	309	380
R <sup>2</sup>	0.63	0.58	0.65	0.58	0.61	0.58	0.60	0.60	0.66	0.58	0.64	0.61
Mean dep. var.	0.76	0.76	0.76	0.76	0.76	0.76	0.58	0.58	0.58	0.58	0.58	0.58

Note: Robust standard errors are in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table A.9: Dividend Payouts—Public Corporations, 1908–11

	Full Sample				Matched Sample							Entropy Balanced Sample						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Hilt Index	-0.26*						-0.0090						-0.22**					
=1 if fixed voting scale		-0.22*						-0.012						-0.10				
=1 if fixed quorum			-0.17						-0.40**						-0.48***			
=1 if min. director pay				0.069						-0.12						-0.17		
=1 if full board is never elected					-0.036						0.0038							0.0038
=1 if borrowing is not restricted						0.096						0.056						0.029
=1 if listed on London	-0.080	-0.063	-0.081	-0.098	-0.22	-0.13	-0.45**	-0.45**	-0.20	-0.50**	-0.65***	-0.47**	-0.20	-0.23	-0.045	-0.34**	-0.65***	-0.26*
=1 if issued found. shares	-0.040	-0.073	-0.033	-0.040	-0.038	-0.055	0.085	0.079	0.18	0.075	0.048	0.059	0.080	0.052	0.14**	0.11	0.048	0.11
Prop. Brit. found.	0.078	0.080	0.056	-0.054	0.092	-0.053	-0.27	-0.27	-0.11	-0.15	0.077	-0.27	-0.19	-0.31	-0.097	-0.17	0.077	-0.33
Prop. found. in Egypt	0.32**	0.43***	0.41***	0.44***	0.38**	0.48***	0.31	0.31	0.089	0.37	0.24	0.34	0.099	0.089	-0.0084	0.18	0.24	0.15
Log(paid capital)	0.0065	0.018	0.041	0.017	-0.044	0.028	0.14	0.14*	0.074	0.16**	0.082	0.15*	0.064	0.069	0.058	0.080	0.082	0.062
Log(firm age)	0.23***	0.27***	0.24***	0.26***	0.29***	0.27***	0.27**	0.27**	0.24**	0.25**	0.33***	0.26**	0.30***	0.34***	0.23**	0.32***	0.33***	0.34***
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N Firms	57	57	57	57	44	57	25	25	25	25	22	25	53	53	53	53	22	53
Obs	224	224	224	224	174	224	99	99	99	99	87	99	209	209	209	209	87	209
R <sup>2</sup>	0.39	0.39	0.39	0.38	0.45	0.38	0.50	0.50	0.54	0.50	0.57	0.50	0.70	0.69	0.74	0.70	0.57	0.69
Mean dep. var.	0.63	0.63	0.63	0.63	0.63	0.63	0.73	0.73	0.73	0.73	0.73	0.73	0.76	0.76	0.76	0.76	0.73	0.76

Note: Robust standard errors are in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

Table A.10: Market-to-Book Value, Entropy Balancing Reweighted

			Upper Bound				Lower Bound					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hilt Index	-0.89 (0.72)						-1.21** (0.59)					
=1 if fixed voting scale		-2.26** (1.04)						-2.16** (0.83)				
=1 if fixed quorum			-0.69 (0.67)						-0.99* (0.54)			
=1 if min. director pay				-1.16** (0.44)						-0.41 (0.36)		
=1 if full board is never elected					-1.37 (0.96)						-0.66 (0.73)	
=1 if borrowing is not restricted						-1.88*** (0.41)						-1.54*** (0.27)
=1 if listed on London	0.55 (0.73)	0.77 (0.69)	0.60 (0.80)	-0.012 (0.75)	1.05 (0.77)	0.18 (0.55)	0.39 (0.52)	0.54 (0.49)	0.47 (0.58)	0.044 (0.61)	0.59 (0.59)	0.0057 (0.33)
=1 if issued found. shares	-0.13 (0.67)	-1.90* (1.00)	-0.046 (0.66)	-0.11 (0.55)	-0.44 (0.50)	1.00** (0.44)	-0.12 (0.47)	-1.72** (0.79)	-0.024 (0.47)	0.10 (0.41)	-0.043 (0.41)	0.91*** (0.25)
Prop. Brit. found.	2.04 (1.41)	0.86 (1.19)	1.90 (1.44)	2.50* (1.39)	1.88 (1.57)	3.30*** (1.15)	1.20 (0.98)	-0.17 (0.73)	1.05 (1.00)	0.76 (1.05)	0.43 (1.21)	1.90** (0.75)
Prop. found. in Egypt	1.35 (1.56)	-0.88 (1.41)	1.55 (1.54)	1.98 (1.63)	2.66 (1.78)	2.02* (1.13)	0.50 (1.17)	-1.52 (0.94)	0.76 (1.13)	1.00 (1.28)	1.36 (1.37)	1.20 (0.80)
Log(paid capital)	0.25 (0.25)	0.52** (0.22)	0.22 (0.25)	0.34 (0.30)	0.49 (0.40)	-0.055 (0.17)	0.15 (0.21)	0.39** (0.16)	0.11 (0.20)	0.14 (0.25)	0.20 (0.32)	-0.13 (0.14)
Log(firm age)	0.10 (0.40)	0.0011 (0.30)	0.13 (0.42)	0.19 (0.28)	0.087 (0.28)	0.23 (0.25)	0.094 (0.30)	0.076 (0.20)	0.12 (0.30)	0.31 (0.20)	0.28 (0.19)	0.30* (0.17)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	57	57	57	57	49	57	57	57	57	57	49	57
$R^2$	220	220	220	220	188	220	220	220	220	220	188	220
Mean dep. var.	0.55	0.59	0.55	0.56	0.57	0.68	0.56	0.62	0.56	0.54	0.55	0.71
meany	2.37	2.37	2.37	2.37	2.37	2.37	1.72	1.72	1.72	1.72	1.72	1.72

Note: Robust standard errors are in parentheses. Significance levels: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Source: TNA BT 31, Journal Officiel 1887–1914, Bulletin 1881–1902, Recueil 1897–1909, Gazette des tribunaux mixtes 1911–21, Journal tribunaux des mixtes 1921–49, Egyptian Directory 1908–25, Statistique des sociétés anonymes 1911, 1925–40.

## Proportional Hazards Tests

Table A.11: Proportional Hazards Test

	Full Sample			PS Matched Sample 1			PS Matched Sample 2		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
=1 if British law	0.003	0.000	0.000	0.179	0.012	0.395	0.010	0.005	0.012
Prop. of British founders		0.004	0.012		0.030	0.543		0.033	0.092
Prop. of founders in Egypt		0.345	0.579		0.678	0.942		0.891	0.862
Log(K)		0.825	0.662		0.413	0.067		0.876	0.636
Industry controls	No	No	Yes	No	No	Yes	No	No	Yes
Global test	0.003	0.000	0.032	0.179	0.047	0.045	0.010	0.036	0.481

Note: Reported figures are the p-values associated with testing the null hypothesis of zero slope after regressing Schoenfeld residuals from Cox proportional hazards estimations on time. Each column corresponds to a distinct specification with the variables and control as indicated. The British law dummy violates the proportional hazards assumption in all specifications.

Source: TNA BT 31, Journal Officiel 1887–1914, Gazette Tribunaux des Mixtes 1911–21, Journal Tribunaux des Mixtes 1921–49, Egyptian Directory 1908–11, 1912–25, Statistique des sociétés anonymes 1911, 1925–40.

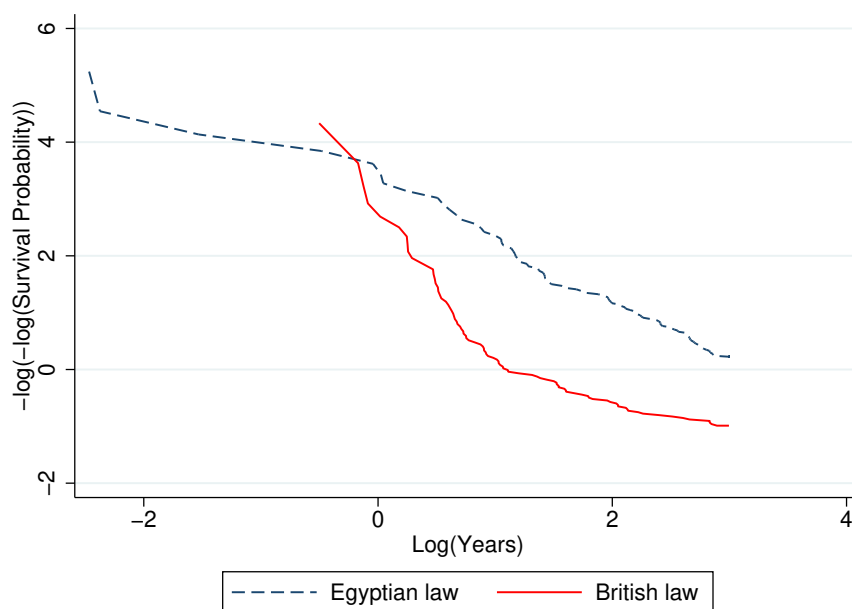


Figure A.5: Assessment of the Proportional Hazards Assumption

Note: This figure plots  $-\log\{-\log(\text{survival})\}$  curves for corporations under each legal regime against log (years). The curves have clearly different slopes in the beginning and, in fact, cross in the data region. The proportional hazards assumption is violated.

Source: TNA BT 31, Journal Officiel 1887–1914, Gazette Tribunaux des Mixtes 1911–21, Journal Tribunaux des Mixtes 1921–49, Egyptian Directory 1908–11, 1912–25, Statistique des sociétés anonymes 1911, 1925–40.